

Summit Leaders Vow AIDS Fight, Currency Effort

Compiled by Our Staff From Dispatches

VENICE — The leaders of the seven major non-Communist industrial powers promised Wednesday to continue efforts to stabilize currency exchange rates and coordinate their medium-term economic planning.

The leaders of the United States, Canada, Japan, France, Italy, West Germany and Britain — along with the prime minister of Belgium, representing the European Community — also called for "international cooperation and concerted campaigns" to halt the spread of AIDS, or acquired immune deficiency syndrome.

In a statement closing the three-day Venice summit meeting, the leaders said they would extend a process of economic policy coordination.

The leaders expressed concern about trade and budget imbalances, high unemployment and protectionist pressures. They also, however, said they could look back on several positive achievements.

"Growth is continuing into its fifth consecutive year, albeit at lower rates," they said. "Average inflation rates have come down. Interest rates have generally declined."

The leaders dealt with political issues in a statement issued Tuesday in which they stressed the importance of keeping open sea-lanes in the Gulf without promising specific action; reaffirmed their determination to make "no concessions" to terrorists or their sponsors; and supported President Ronald Reagan's

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Bonn Rejects Extradition Of a Lebanese

Bonn Rejects Extradition Of a Lebanese

By Lou Cannon
Washington Post Service

VENICE — Chancellor Helmut Kohl of West Germany has rejected a personal appeal from President Ronald Reagan to extradite an accused Lebanese hijacker to face murder charges in the United States, the White House spokesman, Martin Fitzwater, said Wednesday.

Mr. Fitzwater said Mr. Reagan had pressed for the extradition of Mohammed Ali Hamadeh during a private conversation Tuesday night with Mr. Kohl at a working dinner during the economic summit meeting.

He said Mr. Kohl had "agreed" with Mr. Reagan that Mr. Hamadeh should be tried for murder but turned down the extradition request.

Mr. Kohl left "the clear impression" that Mr. Hamadeh would be tried for murder charges in West Germany, Mr. Fitzwater said.

Mr. Hamadeh, a Lebanese Shiite

In February with the Louvre Agreement aimed at preventing major fluctuations in currency exchange rates.

Under the plan, governments will define medium-term economic policy objectives and consult among themselves if actual performance veers far enough away from the forecasts "to require remedial action." But there is no obligation on governments to take any such action.

Similarly, without imposing obligations or mentioning any country by name, the leaders said surplus countries — Japan and West Germany — would attempt to strengthen domestic demand and reduce trade surpluses, while deficit countries like the United States would try to reduce budget and trade imbalances.

The seven also promised to seek "a progressive and concerted reduction of farm subsidies, but set no targets."

They said consideration should be given to applying lower interest rates to the foreign debt of the world's poorest nations "underlining adjustment effort," particularly those in sub-Saharan Africa.

The seven also called for an international agreement on longer repayment terms and grace periods to make it easier for these countries to service their debts.

Many Questions Remain In the Contra Hearings

By David E. Rosenbaum
New York Times Service

WASHINGTON — With the end of the first stage of the congressional investigation, one crucial question about the Iran-contra affair and several other important ones remain unanswered.

The central question, precisely what President Ronald Reagan knew and did, will not begin to be

NEWS ANALYSIS

answered until two central figures, Rear Admiral John M. Poindexter and Lieutenant Colonel Oliver L. North, testify next month.

The next phases of the hearings will also address such issues as whether Colonel North was operating on his own or under orders; whether the idea of selling arms to Iran originated in the Reagan administration or in Israel; whether Colonel North and his retired compatriot, Major General Richard V. Secord, gained financially from the activities; and whether William L. Casey, the former director

was explicit enough about the president's meetings with King Fahd of Saudi Arabia and various private contributors to the contraes after Congress cut off official U.S. aid that the White House was forced to change its tactics.

The White House line was that Mr. Reagan was unaware of what was happening with the contraes, having left that to his staff. The line now is that the president not only knew what was going on in Nicaragua but ordered it and that the law restricting other officials did not apply to the president or his staff.

Whatever the conclusion about the president's knowledge and activities, the testimony left little doubt about these important issues:

- Fundamental foreign policy initiatives and negotiations were conducted by such private citizens as General Secord, who had retired from the air force under an ethical cloud, and his business partner, Al-

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U.S. Plans Suit to Seize Control of the Teamsters

Compiled by Our Staff From Dispatches

WASHINGTON — Government lawyers are drafting a lawsuit to take control of the largest U.S. union, the Teamsters, from its executive board on the grounds that it is under the influence of organized

Organizations Act, would be unusual in its scope. Never before has an entire union been placed in trusteeship by U.S. authorities. The union has 1.7 million members.

Two U.S. officials said that thus far, the government has used the

Sources familiar with the case said the lawsuit, which is being prepared by a team of Justice Department lawyers with help from the Federal Bureau of Investigation and the Labor Department, is

The civil racketeering action, which could lead to a trial and ultimately a decision by a judge or jury, was filed in federal court in New York City.

A source said this trial is not likely to affect the timing of the civil suit, which could be filed before the criminal case begins.

Government officials said that the proposed civil action, under the Racketeer Influenced and Corrupt union's executive board. In addition, testimony from a See TEAMSTERS, Page 8

Kinnock: Caught in a Paradox

His Campaign Is Praised, but Thatcher's Support Is Firm

By Howell Raines
New York Times Service

LONDON — If political campaigns were judged like prizefights, the combative Neil Kinnock might well be ahead on points as Britain prepares to vote Thursday.

On the stump, the Labor Party leader's stinging sarcasm has proved a penetrating weapon against Prime Minister Margaret Thatcher's shield of self-assurance — some would say arrogance. Yet in his party political broadcasts, more polished than Mrs. Thatcher's, he has masked his hot temper and come across as a tenderhearted guardian of the "modern welfare state."

But pure combativeness counts for only so much. Despite Mr. Kinnock's gameness in public, the Labor leadership was given grim news on Sunday in a strategy session presided over by Mr. Kinnock at Labor headquarters. Party strategists reported that there now seems little chance of denting Mrs. Thatcher's core support.

Labor's private polls showed Mrs. Thatcher holding a steady plurality in popular support and headed for a majority in Parliament. The Labor Party deficit was attributed to Mr. Kinnock's non-nuclear defense policy and the party's reputation as a haven of extremists of the "loony left."

So, according to a variety of analysts, Mr. Kinnock seems a politician trapped in a paradox. He is surrounded by praise for his performance as a candidate and his success in portraying Mrs. Thatcher as aloof, insensitive and uncaring. But his party remains stymied by the firmness of Mrs. Thatcher's support and by Mr. Kinnock's fail-



Neil Kinnock, speaking at the final Labor Party news conference on Wednesday before the general election.

ure to expand his appeal beyond Labor's natural base.

On the personal side, this campaign "has gone brilliantly" for Mr. Kinnock, said Anthony King, a political scientist at the University of Essex. "His standing with the public has gone up," Mr. King said. "The trouble is that his appeal has been mainly, although not exclusively, to Labor voters. He's mobilized traditional Labor voters, but he hasn't had a huge success in converting other voters."

The public opinion polls bear out the point. Mr. Kinnock has rallied Labor's percentage to the mid-30s in the public opinion polls, well above the party's dismal 1983 showing of only 27.6 percent of the national vote. The Conservatives have been at 42 percent to 45 percent in the polls, about where they were in 1983 with 42.4 percent.

Labor seems headed for a strong second place showing. According to most analysts, that will strengthen Mr. Kinnock in three ways for the future. First, by leading Labor to a gain over the 209 seats it won in 1983, Mr. Kinnock will tighten his shaky hold on the Labor leadership.

Second, such a showing will also fortify Labor, at least temporarily, in its battle with the Alliance parties, the Liberals and Social Democrats, which are trying to supplant Labor as the main opposition to the Conservatives.

Third, by taking the fight to Mrs. Thatcher, the Labor leader has gone a long way toward correcting his image as a political lightweight and established himself, at age 45, as a serious contender for the top job in future campaigns.

But analysts add that his long-term chances now depend more

than ever on his ability to address the factors that have put such a firm ceiling on Labor's support this year. That means moving the party toward the center and somehow twisting free of the wreckage of his unpopular defense policy.

So far in this campaign, Mr. Kinnock has rejected all efforts to get him to make a last-minute modification in his call for removal of United States nuclear forces from Britain and abandonment of Mrs. Thatcher's plans to modernize Britain's independent nuclear deterrent through purchase of Trident submarines from the United States.

But in an interview on Tuesday in The Times of London, Mr. Kinnock appeared to lay the groundwork to adjust his policy in the future. He simultaneously denied the widely held view that his stubborn devotion to unilateral disarmament was costing Labor the election and also suggested for the first time that he could accept a change in Labor's position after the election.

"Of course, I could lead a Labor Party that didn't have a full commitment to stopping Trident and using our resources in a different way," he said. "It isn't my stubbornness or single-mindedness that is inhibiting the party in any way at all. It's the fact that as a country we have to make a choice between becoming more dependent on nuclear weapons at a cost of reducing the necessary commitment to the army, navy and air force."

To address Labor's image as a party of radical leftists, political associates say, Mr. Kinnock may move after the election to institute one-man, one-vote rules that would make it harder for Labor's "hard left" to control candidate-selection procedures at the local level.

On the tactical side, Mr. Kinnock has given Labor its first modern, television-oriented campaign. But he has not carried out a similar modernization on the ideological side, and some commentators contend that he has reached the limits of cosmetic change.

The polls show that he has rallied the old working class vote, but made few inroads into the middle class vote that has become increasingly dominant in British politics.

"One of the things one needs to bear in mind about Neil Kinnock," said Mr. King, "is that in image and personal style he's very modern, but in the content of his political views, he's a very traditional, not to say old-fashioned, Labor leader."

Others disagree, saying that even Mr. Kinnock's hidden agenda is the modernization of the Labor Party. In this view, even if he does not wind up as prime minister this year, Mr. Kinnock has, by rallying the party faithful, won the right to try to carry the party and himself toward the center in the next election.



ARAB STRATEGY ON OIL — Oil ministers of the Organization of Arab Petroleum Exporting Countries met in Damascus on Wednesday to plan oil policy. Three of the ministers talking before the conference are, from left, Ali Khalifa Al-Sabah of Kuwait, Mana Saeed Otreiba of the United Arab Emirates and Hisham Nazer of Saudi Arabia.

Sweden Says Peer and Public Pressure Were Critical in Curbing Drug Abuse

By Steve Lohr

New York Times Service

STOCKHOLM — During her trip to Sweden this week, Nancy Reagan, America's best-known drug fighter, has viewed one of the most comprehensive and effective national efforts in the world to combat drug abuse.

In some respects, the Swedish approach is far different from that in the United States, especially in terms of the much larger government role and the higher public spending on drug programs.

But other elements of Sweden's method, notably the strong emphasis placed on marshaling public and peer group pressure against drugs, strongly mirror Mrs. Reagan's efforts and her "Just Say No" campaign in America.

In the 1980s, Sweden has been able to cut in half the number of its teen-agers who have tried drugs, according to surveys of high school students and military conscripts.

Sweden's drug policy is tough and sweeping. It also appears to have broad-based support among the nation's people. In opinion polls, drug-abuse control consistently has ranked as one of the top issues of public concern for government attention.

"In Sweden, the success we've had with the drug problem is because we've really made it a national priority," said Hans Lundborg, the coordinator for drug policy at the Health and Social Affairs Ministry. "Good intentions have to

backed up with action, by the government and everyone else."

Indeed, the cornerstone of Sweden's drug-abuse prevention drive is to make sure that all kinds of groups are involved in the effort, including children, parents, teachers, churches and municipalities. Despite its reputation as a permissive society, Sweden takes a hard line on drugs. The deterrent measures include the threat of taking babies away from young mothers who are addicts and selective urine testing of high school students. There is little worry about possible infringements of individual liberties.

The rationale was explained to Mrs. Reagan on Monday when she visited a community drug program in Upplands Vasby, a town 14 miles (22 kilometers) northwest of Stockholm with a population of 34,000. "It should be difficult and risky to use drugs," said Vanja Edvinsson, chairman of Upplands Vasby's social welfare authority. "The kids tell us that urine testing is helpful in dealing with their

peers," said Ulric Hermansson, director of the Upplands Vasby program. "They are able to say, 'If I use drugs, people will find out.'"

While visiting a drug treatment center for young mothers on Tuesday, Mrs. Reagan asked a former addict and graduate of the program if she had joined voluntarily. "Yes," replied Gith Johansson. "I had to choose either to have my son taken away or move here."

Most treatment programs in Sweden are strict and shun medical therapies, in contrast to some European countries where doctors prescribe narcotics to addicts. Instead, Sweden employs counseling and therapies that typically call for hefty doses of hard work, self-sufficiency and discipline.

Moreover, the Swedes prefer compulsory treatment programs to jail sentences for drug abusers.

There are about 14,000 drug addicts in Sweden, a nation with a population of 8.3 million. In New York City alone, whose population is slightly less than Sweden's, there are estimated to be 200,000 people addicted to narcotics, according to the New York State Division of Substance Abuse.

Even the composition of Sweden's drug problem is very different than in the United States. Most of Sweden's drug addicts take amphetamines, for instance, and Sweden has no real cocaine problem. By contrast, about six million Americans have used cocaine at least once in the last 30 days, according to a survey for the National Institute on Drug Abuse.

Per-capita national spending on drug programs is twice as high in Sweden as in the United States.

WORLD BRIEFS

Soviet to Try Chernobyl Plant Officials

LONDON (AP) — Three top officials of the Chernobyl nuclear plant will go on trial July 5 for alleged criminal negligence, The Times of London reported Wednesday. It said the trial would be held in Pripyat, the town of 50,000 that was evacuated after the explosion at the nearby Chernobyl plant on April 26, 1986.

The newspaper's Moscow correspondent, Christopher Walker, wrote that Alexander Kovolenko, a Soviet official, had told him during a visit to the Chernobyl site that a judge from the Soviet Supreme Court would hear the case.

To be tried are Viktor Bryukhanov, who was dismissed as director of the plant; N. Fomin, the chief engineer who also was dismissed; and Mr. Fomin's deputy, whose surname is Dyatlov, The Times said. Their full names have not been published in Soviet media.

Extradition of Ex-Casino Chief Sought

PARIS (AP) — A French court asked Wednesday for the extradition from Curaçao of the former head of a Nice casino wanted since 1980 for fiscal and customs infractions.

Jean-Dominique Fratoni, who once ran the Casino Ruhl, was arrested Tuesday by the police in Curaçao when he tried to board a plane for Costa Rica. In an effort to elude the French authorities, Mr. Fratoni fled to Switzerland, where he was expelled, and then to Santo Domingo, where his citizenship papers were revoked, before he moved to Curaçao.

Mr. Fratoni was convicted and sentenced as a fugitive in 1980 to a 13-year prison term for fiscal and customs violations. He is now wanted for customs fraud, infractions concerning overseas financial dealings and infractions of the law governing companies in France.

News Agencies Biased, Mugabe Says

HARARE, Zimbabwe (UPI) — The world's major news agencies have become politically blinkered and biased and can no longer distinguish between the truth and lies, Prime Minister Robert Mugabe charged Wednesday.

Opening a meeting of information ministers of the Non-Aligned Movement, Mr. Mugabe called for the rapid introduction of a new world information and communication order that would lessen Third World dependence on Western news agencies.

Ex-CIA Agent Promotes Latest Book

NEW YORK (AP) — Philip Agee, the former CIA agent and agency foe who now lives in self-exile in Spain, has returned to the United States and said he plans to remain for another few weeks despite the risk of prosecution.

Mr. Agee, whose U.S. passport was lifted in 1979 after he disclosed the names of key overseas employees of the Central Intelligence Agency, said he has been back in the United States since Sunday. He spoke on the street outside a Manhattan television studio after appearing on a program to promote his new book, "On the Run."

He said he had returned without any understandings about whether he would be arrested for entering via Canada without a U.S. passport and was "going about my activity in normal fashion." He visited his parents, whom he had not seen in seven years, in North Carolina, he said. He added that he would be returning to his wife in Spain eventually.

For the Record

The referendum in New Caledonia on the future status of the French Pacific territory will be held Sept. 13, the minister for overseas territory, Bernard Pons, said in Paris on Wednesday. (AP)

A French court released a Romanian-born woman, Antonetta Manole, implicated in trying to steal secrets about the Ariane rocket, but ordered the continued detention of Pierre Verdier, an official in a government statistical office. Charges against Mr. Verdier's wife, Lyudmila Varygina, a Soviet citizen, and a French journalist were dropped Friday. (Reuters)

TRAVEL UPDATE

An air service between Ivory Coast and Canada is to be opened before the end of the year by Air Afrique and Air Canada, official sources said Wednesday in Abidjan. (AP)

French air controllers have decided to continue their strike, which has disrupted air travel on weekday mornings in France for the past two months. They are seeking improved pension benefits. (AP)

About 200 British customs officers walked off their jobs at the English Channel ports of Dover and Ramsgate on Wednesday night in a pay dispute. "Our walkout is for an indefinite period of time," said Jim Feeney, Dover branch secretary of the Society of Civil and Public Servants. (AP)

INTERNATIONAL POSITIONS

An international organization located in Luxembourg requires (m/f)

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Emergency Is Renewed By Botha

CAPE TOWN — President Pieter W. Botha of South Africa renewed a year-old national state of emergency decree on Wednesday.

In a brief statement, Mr. Botha said he had already signed the new emergency decree, but he did not disclose whether it differed from previous regulations or how long it would last. Under the previous emergency order, thousands of South Africans were detained without trial and sweeping media censorship was imposed.

There had been speculation that Mr. Botha would take the opportunity to strengthen the censorship restrictions recently struck down by the Supreme Court.

The government has also threatened new action against black trade unions and extra-parliamentary groups in the forefront of the campaign against apartheid.

Mr. Botha said the renewed state of emergency would help the government in its plans to change apartheid.

He made the announcement to Parliament about 24 hours before the emergency decree was due to expire.

The emergency decree, imposed to clamp down on political unrest that has left 2,500 people dead in black townships, has resulted in a sharp decline in violence. Mr. Botha told Parliament, however, that emergency rule was still needed to contain political unrest.

"If these regulations were no longer in force the most serious and extreme danger would exist that there will again be an escalation of internal violence," he said.

Mr. Botha, 71, delivered one of his strongest attacks on the African National Congress, rejecting any idea of negotiating with the guerrilla organization.

The president, in power almost a decade, won a landslide victory in last month's whites-only election.

DEATH NOTICE

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Wife of Captain M.M. DeWolf

USN-Retired

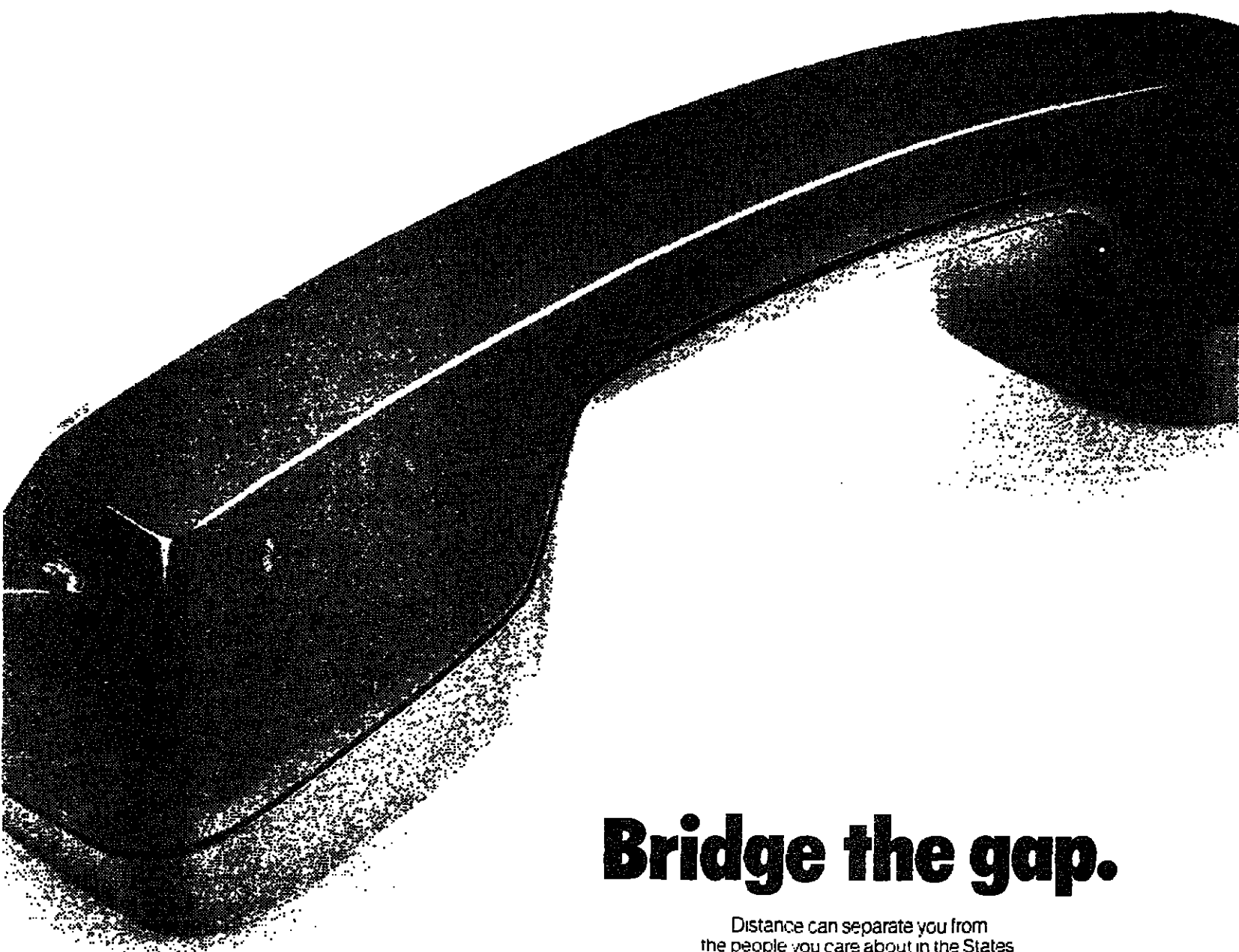
Died June 1 at her home

Casa del Molina Viejo,

El Cuernavaca, Tlaxcala,

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Women's Colleges Endure in U.S.

Surviving Schools Are Bolstered by 'Old-Girl Network'

By Fred M. Hedinger
New York Times Service

NEW YORK — The recent decision by two prestigious women's colleges to admit men has shocked many alumnae and friends. The announcements by Goucher College in Maryland and Wheaton College in Massachusetts revived dire predictions that the end is near for women's colleges.

But supporters of separate colleges for women say such fears are unwarranted. They note that applications to women's colleges are increasing. While they concede that conditions on individual campuses vary, they say the overall health of many remaining women's colleges appears good.

According to Nicole Reinford, associate director of the Women's College Coalition, a clearinghouse for information on women's colleges, the special strength is "a terrific old-girl network" of alumnae who provide internships and career opportunities.

Because students in the 1980s are more interested in jobs than in feminist ideology, she said, many of the colleges have added career programs.

The coalition reports that there has been an 8-percent increase in applications to women's colleges for next fall. This follows a 2-percent increase in full-time freshmen in the 1986-87 academic year, a time when nationwide enrollment of freshmen declined.

Such optimistic signs cannot obscure the fact that the number of women's colleges has declined — from 296 in 1960 to 82 today, including 30 Roman Catholic institutions.

Today women's colleges account for 4 percent of all four-year colleges and 2 percent of all undergraduate enrollment.

"Most of the changes came in the late 1960s and early 1970s, partly in response to men's colleges going coed," Mrs. Reinford said. Today, she said, only two all-male colleges survive: Morehouse

College in Atlanta and Hampden-Sydney College in Virginia.

While the recent "defections," as some women's college advocates put it, of Wheaton and Goucher have been getting much publicity, Mrs. Reinford said, less attention has been paid to the decision of Russell Sage College, in Troy, New York, to remain all-female after serious soul-searching.

"We spent 15 months talking to students and graduates," said William F. Kahl, the president of Russell Sage. "What emerged was a general feeling that the college as it was would continue to make its graduates competitive."

He said a report on American colleges by Ernest L. Boyer, president of the Carnegie Foundation for the Advancement of Teaching, was a "powerful factor" in the decision. He pointed to Mr. Boyer's book, "The College," which reported that "women are overrepresented" in many classrooms on educational campuses and that "even the brightest women students of the nation remain silent."

Mr. Kahl conceded that "we have to work very hard" at Russell Sage to make it work, but he added that enrollment increased by 9 percent last year.

The Women's College Coalition is optimistic about the future. Since 1970, women's college enrollments have increased 15 percent.

Why should young women want to go to a women's college? The coalition points to the record of success of graduates. Ten of the 23 women in Congress attended women's colleges. A higher percentage of their graduates go on to medical school or doctoral studies and almost half who work hold high-paying jobs usually held by men.

Still, it is clear that women's colleges will remain, at best, tiny enclaves with about 130,000 students out of the 11 million in the nation. For whatever reasons — and the presence of men is high on the list — coeducation is likely to remain the norm for most college-age women.

Biden Calls For Idealism In Opening His '88 Bid

New York Times Service

WILMINGTON, Delaware — Announcing his candidacy Tuesday for the Democratic nomination for president, Senator Joseph R. Biden Jr. of Delaware pledged that he will challenge Americans to rise above "the mere accumulation of material things."

"For too long in this society, we have celebrated unrestrained individualism over common community," Mr. Biden declared.

"For too long as a nation," he continued, "we have been lulled by the anthem of self-interest. For a decade, led by Ronald Reagan, self-aggrandizement has been the full-throated cry of this society."

"I've got mine, why don't you get yours," and "What's in it for me?"

"We must rekindle the fire of idealism in our society," he said, in language that recalled the speeches of John F. Kennedy, "for nothing suffices the promise of America more than unbounded cynicism and indifference."

Mr. Biden, whose stature as a candidate rests in large part on his oratorical ability, contrasted his own approach with the current style of national debate, which he labeled "the great pantomime."

Mr. Biden, 44, entered the Senate at the age of 30. He is currently chairman of the Judiciary Committee. So far, he has fared relatively well in raising money for a national campaign but lags behind several other Democratic contenders in opinion polls.

At the heart of Mr. Biden's quest is his belief that a new generation of Americans, who rose to maturity after World War II, is prepared to assume control over the nation's destiny. On Tuesday, he repeatedly invoked the expression "this generation."

U.S. Catholics Are Found Giving Less to Churches

By Dirk Johnson
New York Times Service

CHICAGO — Roman Catholics in the United States are contributing half as much to their churches as they did 25 years ago, while contributions from Protestants have remained about the same, according to a report made public by the Reverend Andrew Greeley, the sociologist and author.

Father Greeley, a liberal Roman Catholic theologian sometimes at odds with the Vatican, attributes the decrease in Catholic contributions to "resentment about what Catholics perceive as insensitive church teachings and authority," especially with regard to birth control and marital sex.

In the report, which is based on six national surveys from 1960 to 1984, Father Greeley says contributions to Catholic churches have fallen to 1.1 percent of parishioners' income, in contrast with 2.2 percent for Protestants.

Contributions by Catholics to nonchurch charities, at about eight-tenths of 1 percent, have kept pace with similar contributions among Protestants, the report said.

"People thought that Catholics would either 'kneel under' or leave the church," Father Greeley said Tuesday. "But neither hap-

pened. And the result is a protest through money."

In 1984 the typical American Catholic gave \$320 to churches, while the typical Protestant gave \$380, according to the report. But it said the average income of Catholics exceeded that of Protestants.

"Catholics are no longer working-class immigrants," Father Greeley said, "yet the church is more hard pressed financially than it was in the early '30s."

The drop in Catholic contributions is sharpest among the more devout, the better educated and the more liberal, according to the report. Poorer, less-educated Catholics were, in fact, the only category to most nearly match Protestants in contributions.

Church attendance by Catholics on Sundays, which dropped sharply from 1968 to 1975, has leveled off even though contributions continue to decrease, the report said.

The 178-page report urges American parishes to allow lay people a larger role in the administration of church funds.

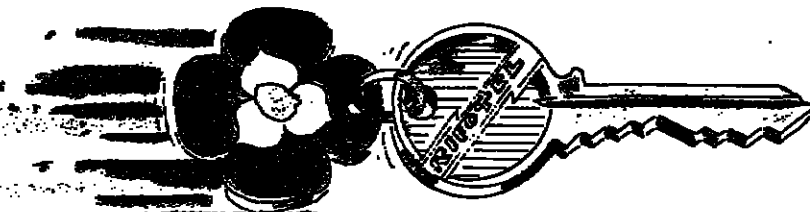
The report was based on 10,000 cases in studies conducted by the Survey Research Center of the University of Michigan, the National Opinion Research Center at the University of Chicago, the Gallup Poll and Yankelovich, Skelly & White Inc.

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A Bitten Policeman and AIDS Create A Legal Thicket in New York City

By Kirk Johnson
New York Times Service

NEW YORK — A woman arrested as a prostitute in Manhattan last week has been charged with attempted assault and reckless endangerment after she bit one of the arresting officers and then announced that she had AIDS, the authorities said.

The woman, who gave her name as Miriam Sanders, 18, was held under \$10,000 bail at a court hearing Tuesday. The case was continued for action by a grand jury.

Mrs. Sanders, who was escorted into the courtroom by three court officers wearing surgical masks and gloves, was charged with using her teeth and saliva as a "dangerous weapon" in biting the officer, Peter Caridi.

The ethical and medical questions raised by her defense attorney are whether Mrs. Sanders indeed has acquired immune deficiency syndrome, whether she can be compelled to take a test for the virus that causes AIDS and what the consequences will be if she tests positive.

Similar cases have begun to ap-

pear in other states. Last month the California Supreme Court let stand a ruling concerning a man who had bitten two police officers in San Diego and had declared that he had AIDS. The court said blood that had been taken from the man could not be tested for the virus.

And in January, a man in Flint, Michigan, who was carrying the AIDS virus was charged with attempted murder for spitting on two police officers. But the judge threw out the charge after hearing medical evidence that there had been no documented cases of AIDS being transmitted through spitting or biting.

On Tuesday, Betty Hooper, a spokeswoman for the Federal Centers for Disease Control in Atlanta, said no AIDS cases had been reported as a result of bites. The World Health Organization said Sunday that no evidence exists that AIDS can be spread through saliva, although a few particles of the virus have been detected in saliva.

Mrs. Sanders' attorney, Ronald Carson, said he believed that the constitutional protection against self-incrimination may be involved

in her case, and he refused to have her volunteer for an AIDS test, as the prosecutor had requested.

"If I consent to an AIDS test on her behalf and they find she does have the disease, does that mean she can be charged with attempted murder?" Mr. Carson said in an interview.

"On the other hand," he added, "if there is no AIDS, then it's just simple assault."

Officer Daniel Mahoney testified that he and his partner, Officer Caridi, stepped up to make the prostitution arrest but that Mrs. Sanders resisted and bit Officer Caridi on the upper arm after the two fell to the sidewalk in a struggle.

Officer Mahoney said, however, that Officer Caridi's skin was apparently not broken. Officer Caridi also had mosquito bites on the wounded arm that had been scratched to the point of bleeding.

The judge stressed that he had not yet been asked to order Mrs. Sanders to take a blood test, and he adjourned the case until a hearing Friday on whether a court order would be appropriate.

David Roberts Dies; British Envoy Was 62

The Associated Press

LONDON — Sir David Roberts, 62, a veteran British diplomat, has died.

Sir David died Sunday. Born in Aberystwyth, Wales, Sir David was educated at Hereford Cathedral School and at Oxford University's Jesus College, before serving in the Armored Corps in World War II.

He joined the Foreign Service in 1947 and served in Baghdad, Tokyo, Alexandria, Egypt, Khartoum, Sudan, Dakar, Senegal, and Dubai. He was ambassador in Lebanon from 1981 to 1983.

Grace Scurr, Coined Name of Filofax

LONDON (AP) — Grace Scurr, 93, a shorthand typist who in the 1920s coined the name Filofax for the popular personal compendium, died May 25. The Times of London reported Wednesday.

Since 1980, sales of the loose-leaf holders have grown from \$230,000 to more than \$10.4 million last year, earning a profit of more than \$1.6 million. Mrs. Scurr sold her 15-percent holding in the company in 1982 to the present owner, David Collicott, for about \$2,500.

Sir Kenneth McLean; Helped Plan D-Day

LONDON (AP) — Lieutenant General Sir Kenneth Graeme McLean, 90, one of the planners of the D-Day invasion of Europe, died Friday in Scotland.

Sir Kenneth helped draw up the plans for Operation Overlord, the code name for the Allied invasion on June 6, 1944.

Other deaths:

John I. Taylor, 75, a former president of The Boston Globe who began his journalism career as a reporter for the paper, Monday in Natick, Massachusetts, after a lengthy illness.

Madge Kennedy, 96, an actress whose career ranged from the Broadway stage of 1910 to the movie "Marathon Man" in 1976, Tuesday in Los Angeles.

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Greece Shifts Delphi Project After Environmental Protests

Reuters

ATHENS — The Greek government decided on Monday to relocate a planned alumina project from near Delphi to an area closer to Athens after protests that pollution could destroy the ancient site.

The undersecretary for industry, George Petros, said after a special meeting of cabinet ministers that the site of the \$500-million project had been moved to Dovrami, which is 80 miles (125 kilometers) from Athens. The project is being built with Soviet aid.

"There is no possibility that the project will be scrapped," he said. "It will go on in a new area."

Environmentalists had mounted a worldwide campaign against the plant's construction seven miles from Delphi, where Apollo was worshipped in pre-Christian times.

It was claimed that sulphur dioxide fumes from the plant would destroy the marble monuments at the site the ancient Greeks considered the center of the world. Delphi was the abode of the oracle Pythia.

The Central Archaeological Council, which comes under the Ministry of Culture, rejected the plans for the project, saying it might endanger Delphi and its environment.

Greece signed contracts with the Soviet Union in April to build the plant, which was described by Mr. Petros as the biggest investment in modern Greek history.

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Construction was due to begin in January 1986 but problems over plans to sell some of the alumina to Bulgaria caused delays.

Mr. Petros said the Soviet Union would purchase the plant's entire output of 600,000 tons of alumina a year.

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Getting Smart in the Gulf

It's time to get tough in the Gulf, says the Reagan administration. Beyond keeping warships on patrol, it wants to put the American flag on Kuwaiti oil tankers and thus offer American protection. And it threatens retaliation if Iran deploys Chinese-made Silkworm missiles against American-flagged vessels and warships.

It should be possible to make a sound, consistent case for such moves, however risky, and to attract Congressional, allied and public support. But the administration has not even begun to fashion a policy that relates plausible ends and means.

The suspicion lingers that the rush to act tough in the Gulf springs from a desire to expunge the folly of sending arms to Iran for hostages, rather than from a coherent plan.

President Ronald Reagan is inconsistent on ends. On some days, he tries to score Americans with rhetoric about long lines at the gas pumps because of impelled oil supplies. But with a glut in world oil, temporary disruptions of tanker traffic in the Gulf would be no cause for war. Some days Mr. Reagan and his aides justify their actions as necessary to combat Soviet influence. At still other times, they speak of the need for cooperation between America and the Soviet Union in the Gulf.

Then, on Tuesday, at the Venice summit meeting, Mr. Reagan won allied support for the principle of protecting freedom of navigation. But how plausible is that motive? It's Iran, not Iraq, that attacks most of the shipping, yet the president proposes no military response against Iran.

The administration's means are no more persuasive than its ends. What is it necessary to protect Kuwaiti ships by giving them American flags? Moscow takes the far less risky step of allowing Kuwait to charter

Soviet vessels. How can Reagan administration officials speak of the great risks to American ships in the Gulf, and then emphasize that Iran would not dare to attack? Can American warships defend themselves against the Silkworm missiles or can't they?

The trouble with all this confusion on means and ends is that it fizzes over the very real interests the United States has in the Gulf. If it wants to be taken seriously in negotiations between moderate Arabs and Israelis, and between Iran and Iraq, and in the struggle against Islamic revolutions and terrorism, and in global rivalry with the Soviet Union, the United States must be prepared to take risks in the Gulf.

But the stakes are not so large that any price must be paid. The Congress and the public simply aren't going to increase American risks in the Gulf until they are convinced the president knows what he is doing.

Finally, the administration seems to have generated some diplomatic activity, as in trying to energize the United Nations. Yet the chances for peace remain low, and those for violence climb higher still.

America could well end up in some kind of armed action against Iran, leaving Moscow free to condemn it, and court the Iranians. All the more reason not to get too far out in front of Moscow in military measures, and to explore tacit cooperation. At least in the short run, some Soviet interests parallel American interests. For example, Moscow might urge North Korea and Bulgaria to cut off or reduce arms sales to Iran.

Until the administration presents a plausible policy and gains the necessary backing, it would be unwise to extend American commitments to anyone else's ship—or to engage in any further military buildup.

—THE NEW YORK TIMES

Methadone Versus AIDS

AIDS tests for immigrants and federal prisoners: that's the Reagan administration's response to the epidemic so far. They are defensible steps but mainly symbolic. If the administration is serious about fighting AIDS, it could do so far more effectively, starting now, with methadone.

The most sensible place to combat spread of the disease is among those most at risk: homosexuals and needle-drug abusers. Homosexuals, responsive to appeals to common sense, are practicing safer sex. For drug abusers, methadone could make an immediate difference. Heroin addicts now account for more than 20 percent of AIDS cases nationally, 36 percent in New York City. The disease spreads as they share needles; they also transmit it to sexual partners and children. But how can self-destructive heroin addicts be reached?

Methadone, a drug that blocks heroin craving while allowing the addict to lead a normal life, has rescued tens of thousands. Half of New York City's 200,000 heroin addicts are believed to carry the AIDS virus. Methadone clinics now free 34,000 from their needles. Thousands more might be helped if methadone were more freely available.

It takes hard work — criminal or not — to finance a \$100-a-day heroin habit. Many addicts seek ways out of the trap. Nearly 1,000 are now on the waiting list for methadone in New York City alone. Each round of openings generates a flood of new applicants. Why not throw open the gates?

Because of federal regulation. The Food and Drug Administration requires one counselor for every 50 methadone patients. State rules may also require nurses and social workers. Existing space won't accommodate more staff, yet new space would generate fierce neighborhood resistance.

—THE NEW YORK TIMES

Confusion on U.S. Aliens

These are confusing times for aliens in the United States. Many millions of undocumented workers in the country were expected to apply for amnesty under the terms of the immigration law passed last year. So far, the numbers have been disappointing, perhaps because some aliens do not understand the details of the program and others fear the consequences of coming forward. All need to be reassured and encouraged.

Congress understood that some would be reluctant to present themselves to immigration authorities for fear of being rejected and deported. So important provisions were added to the law. The first authorizes a network of non-government agencies — churches, social welfare groups, ethnic organizations — to accept applications and to do the initial paper work. The second forbids the use for any other purpose of information learned through an amnesty application. This protects against criminal charges for using false papers to get a job, for example, and against deportation based only on this kind of information.

Most recently, aliens hoping to qualify for amnesty have faced new problems. Some have been fired from jobs held a long time because employers believe they will be penalized for hiring illegal. The catch here is that an applicant must show he is self-supporting to qualify for amnesty. Employers are being reminded by the Immigration and Naturalization Service that they need not fire workers hired before the law was passed in November. And, fortunately, in tough cases where an applicant can show a steady work

history interrupted only because of an employer's misunderstanding of the law, an INS spokesman says, the government "will give applicants the benefit of the doubt."

AIDS testing is another worry. U.S. immigration laws have traditionally barred admission of those who have contagious diseases, and newly announced regulations make clear that this restriction will be applied to those who carry the AIDS virus. Applicants for amnesty will be tested and, under the law, those who have the AIDS virus will not qualify. But the attorney general has given assurances that such people will not be deported because information about their medical condition learned during the amnesty process cannot be used to penalize them.

Much public and private energy has been devoted to helping aliens who will qualify for amnesty. It is sadly true, however, that there will always be some who prey on the desperate, who seek to exploit their vulnerability. This week, in Brooklyn, 21 private security guards, and six others who helped them, were arrested and arraigned on charges of extortion. They had, it was alleged, engaged in a scheme to coerce individuals awaiting deportation who had been placed in their custody. It was charged that large money payments and sexual favors were demanded in exchange for arranging an alien's escape and that food was withheld from those who refused to cooperate. Abuse of people who are so desperate and so vulnerable by those in authority is despicable. If the charges are proved, the punishment should be severe.

—THE WASHINGTON POST

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OPINION

At Halftime of the Hearings, Reagan Is Losing Badly

By James Reston

WASHINGTON — The first phase of the Iran-Contra hearings have drawn to a close, and from the Reagan administration's viewpoint it has been a disaster.

The next phase, tentatively scheduled to start June 22, will feature Lieutenant Colonel Oliver North and Rear Admiral John Poindexter, the absent witnesses. But whatever they say can scarcely be more damaging to the administration than the disclosures of the first six weeks.

At the start of the hearings, Congress was concerned about what it didn't know. Now it is not only worried but angry about what it does know. For the record is now clear on the following undisputed facts:

- President Ronald Reagan did approve the shipment of arms to Iran after imploring the Soviet Union to do so.
- He did try to swap arms for hostages while denying that he was.
- Documents on the arms sale to Iran and the transfer of money to the Nicaraguan Contras, in violation of the Boland amendment and the intent of Congress, were altered, shredded and smuggled out of White House files in an effort to cover up evidence and obstruct the investigation.
- Assistant Secretary of State Elliott Abrams

misled Congress about his solicitation of \$10 million from Brunei for the Contras.

- Albert Hakim, the secret financial organizer of the arms deals, suggested to Colonel North's wife that \$200,000 would be provided for the education of the Norths' children.

These were the main points of the first phase, which included a bizarre tale of forged documents, easy access without security clearance for Mr. Hakim and his partner, retired Major General Richard Secord, into the situation room of the White House, and even a suggestion by Mr. Hakim to the Iranians that the United States would take military action against the Soviet Union if that country invaded Iran.

All this has poisoned relations between the Reagan administration and Congress at the beginning of the president's last two years in office and at the start of what promises to be a bitter presidential election campaign.

Not since the constitutional crisis over Watergate in the Nixon administration has there been such a political uproar in Washington, with the difference that these scandals have not only raised

charges of obstruction of justice but have involved the more serious question of who was conducting the foreign policy of the United States.

There can be no doubt that the testimony so far has not only shaken the trust of Congress but of U.S. allies. Their intelligence sources were used and involuntarily disclosed by Colonel North's manipulations at a time when they were anxious about the entry of Soviet agents into the U.S. Embassy in Moscow.

No doubt the second phase of the hearings, with Colonel North and Admiral Poindexter, will focus on what authority they had for their clandestine operations — in short, whether Mr. Reagan knew or didn't know what they were doing, whether he authorized them or merely created an impression of consent that encouraged them to do what they liked.

In the minds of at least some influential members of the select investigating committee, it now seems almost irrelevant whether the president knew or didn't know. For they are sure of at least one thing:

That the administration acted with contempt for Congress if not for the law, and avoided the principle of accountability for its actions.

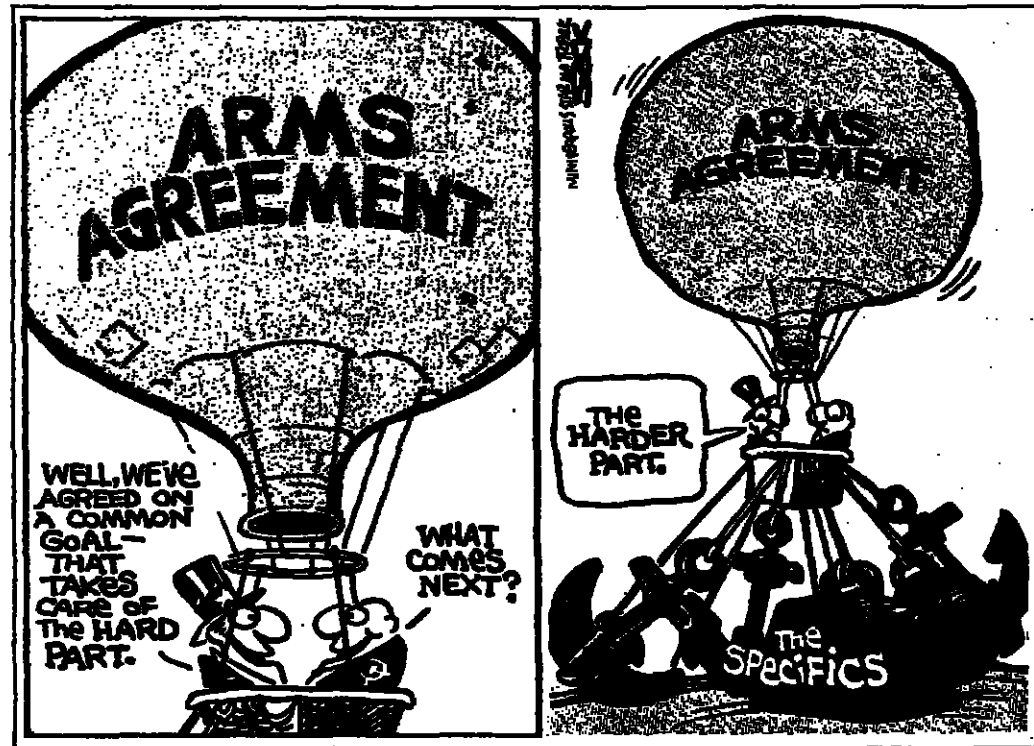
When the hearings began, the Senate committee chairman, Daniel Inouye, a Democrat of Hawaii, asked: How could all this have happened here? At the close of the first phase, the chairman of the House investigating committee, Lee Hamilton, an Indiana Democrat, asked: "How can we prevent it from happening again?"

"What we have heard," Mr. Hamilton said, "is a depressing story. It's a story of not telling the truth to the Congress and to the American people. It is a story about remarkable confusion in the processes of government."

He asked the questions that will dominate the second phase of the inquiry: Who supervised Colonel North? Who was responsible for U.S. funds and the sale of U.S. arms? Who asked whether the actions taken were lawful? He might also have asked how many more Iraqis were killed by the arms that were sent to Iran.

And the committee will want to hear especially from Secretary of State George Shultz, who has been remarkably quiet about the strange actions taken on his watch.

The New York Times



Questions About the Stark Are Demanding Answers

By Arthur T. Hadley

NEW YORK — The 37 dead from the USS Stark have been buried, the inquiry is being completed, and nonexperts alike have made their instant commentaries. Yet a number of vital questions remain about the incident that have not only gone unanswered but apparently unasked.

Question 1: What would have happened if Captain Glenn Brindell of the Stark, before sailing for the Gulf had reported to his superior what now appears to be true: that neither his equipment nor crew was in a state of readiness sufficient for a combat zone?

A decade ago, the U.S. Army suffered through an infamous readiness controversy. Shortly after the Vietnam War, a lieutenant colonel — regarded as one of the army's finest by his peers — was ordered to report his tank battalion in West Germany as more ready to fight than it was. He

refused. Since his battalion was at least as ready as most others, his accurate report cast doubt on the preparedness of the whole army.

The army's response to this act of moral courage was to force the officer out of the service. Fortunately, as the news spread through the army, a revision occurred that for a time improved the reliability of army readiness reporting. Sadly, there is evidence that the old ways have returned.

Question 2: How prepared for battle are most ships of the U.S. fleet? While naval aviators and marines saw a great deal of combat in both Vietnam and Korea, the surface ships of the navy in effect operated from privileged sanctuaries in both wars. A situation that continues over a long period of time is apt to induce a mind-set. Do admirals unconsciously assume that no one will shoot at their ships? They heatedly deny this, but there is evidence to the contrary. And as the Stark incident demonstrates, U.S. ships are not immune from attack and when fired upon are not assured that their defenses will repel attack.

Question 3: Why were no data from an air force AWACS airplane that tracked the Iraqi fighter almost from its takeoff not immediately available to the Stark? Numerous people have wondered why the AWACS could not talk by voice to the Stark. That is an important but minor point.

The more important question is why computers in the various services cannot talk with each other. IBM computers can exchange data with DEC computers or Apple Computers. Why can't army, navy and air force computers communicate? It is distressing that more than 40 years after World War II, the three military services still fail to share life-saving information.

Question 4: When the Iraqi fighter first appeared on the ship's radar, why were "general quarters" not sounded and all weapons put in a complete state of readiness? So far, the navy has avoided an answer to this question.

The navy stresses that Iraqi planes are meant to be friendly, that the area was not a true combat area, that there is a danger of shooting down friendly planes and that no one expected such an attack. These are, at best, partial answers, and few who know something about warfare can accept them.

At present, the United States relies on the so-called all-volunteer force. This is a serious misnomer. Its armed forces are recruited, the majority because they have been offered inducements to enlist or re-enlist. Most recruits do not enter the armed services to stand long watches or to be rounded from sleep each time a plane appears on a radar scope.

Therefore, if the captain of the Stark, or of any ship, continually and prudently placed his command on full alert for each possible emergency, crew morale would suffer and the number of sailors re-enlisting would likely decline. Re-enlistment numbers and other indications of satisfaction with service life are at present more important to an officer's chances for promotion than the readiness of his command for combat.

A final question: After the Carter administration's failed rescue operation in Iran, the death of 241 troops in Beirut, the flawed invasion of Grenada and now the attack on the Stark, when will the next disaster occur? Answer: Shortly after the Defense Department stops asking itself basic questions such as these.

The writer, a former editor of The New York Herald Tribune, is author of a book about the United States military services. He contributed this comment to The New York Times.

The Debate Over Missiles Is Heard Loudly in Europe

There Are Critical Choices as Italy Votes

By Enrico Jacchia

ROME — With parliamentary elections in Italy set for June 14-15, most of the candidates say the choices facing the West European governments on nuclear armament are critical ones.

The Christian Democrats are well aware of the price Chancellor Helmut Kohl's party in West Germany paid for dragging its feet on the missile issue. Foreign Minister Giulio Andreotti, a Christian Democrat, openly favors the so-called double-zero option proposal, though it is not clear whether all in his party share that attitude.

Stating the Socialist position, former Prime Minister Bettino Craxi said, "On a technical level the debate may continue, but politically it will be unreasonable to give up the chance of eliminating nuclear weapons from Europe."

The Communists have campaigned strongly for a nuclear-free Europe. They recently scored a point by publishing in the party newspaper, L'Unità, a full-page interview with Mikhail Gorbachev. The Communists now miss no opportunity to quote the Soviet leader's statements on arms control.

While all the political parties accept Mr. Gorbachev's proposal on medium-range weapons, they differ on eliminating shorter-range missiles of 300 to 600 miles, or 500 to 1,000 kilometers, and so-called tactical, or battlefield, nuclear arms. And most Italians appear unworried by an issue that does not seem to affect the peninsula the way it would affect West Germany.

in particular, if war broke out. The lack of consensus within NATO has been confusing, too. Not since the alliance was formed has Italy faced a strategic issue pitting old-time allies such as France and, until recently, Britain on one side against Moscow and Washington on the other.

Although a compromise is probable in the end, the European allies have been so divided that a likely victim of the debate will be the concept of an independent European nuclear force — a force putting European fingers on the buttons that would set off European nuclear weapons.

While security has not been a central issue in Italy's electoral campaign, it will be a serious concern of the government that comes out of it because the entire framework of European stability, and therefore security, is rapidly changing.

The press here has abundantly reported, and almost generally dismissed, reports by some German newspapers that Mr. Gorbachev might dramatically enrich his proposals for conventional disarmament with a final prize: the reunification of Germany. The Italian public and the politicians are not prepared for such a change in the status quo that ensued from Yalta. But although it may be dismissed as unrealistic, and denied by Mr. Gorbachev himself, it continues to cast a shadow, if only for the fact that it has been mentioned.

International Herald Tribune

It's Time for a Common Defense Market

By Guy M. de Vries

THE HAGUE — The current debate on the role of nuclear weapons in protecting Western Europe has again highlighted NATO's weakness in conventional defenses.

An East-West agreement to eliminate long-range intermediate nuclear weapons and to significantly reduce shorter-range systems will leave the West more vulnerable to the Warsaw Pact's conventional superiority. Even under a past made conditional on Moscow accepting new cuts in its conventional forces, NATO would have to pay more attention to its non-nuclear needs.

But with the notable exception of France, which has just agreed on a \$71 billion five-year military spending plan, European arms budgets appear to have reached political ceilings at the same time as technological innovations are pushing up the costs of modern weaponry. With costs multiplying and budgets stagnating, the European allies risk engaging in structural disarmament. Cost cutting through multilateral production programs has been only a modest success. National military markets remain highly protected. The European market is fragmented and economies of scale are hard to achieve.

It is time for the 12 nations of the European Community, embarked on an ambitious program to create a common arms market. A strong case for such a market was made recently in a report commissioned by the Independent

European Program Group, or IEPP, the forum in which NATO's European members discuss arms collaboration. It found that the manufacture of European military equipment can be made more competitive by subjecting it to normal market forces.

The report identifies critical areas of weakness in European military technology, particularly in electronics, new materials and systems engineering. Because of its fragmented market, moreover, Europe is less competitive than its technology base would suggest. Even where the United States lags in research, for example, its more market-oriented industry is able to make up the gap in the development cycle and place a piece of equipment or a system on the market before its European competitors can. To change this, several initiatives must be taken.

European public funding of military research and development now runs at about one-third of U.S. spending. The Strategic Defense Initiative program will tilt the balance further. To narrow the gap, Europe must obtain better value for its money.

There is considerable overlap between IEPP research projects and EC civilian research and development programs. Regular contacts should be established to avoid duplication.

Second, a military equivalent is needed of ESPRIT, the highly successful European Scientific Program for Research and Technology that is financed and run on a 50-50 basis by the EC and industry. An extension of IEPP's work with direct private-sector involvement, and the earmarking of military research funding for joint programs, should be feasible.

Article 223 of the Treaty of Rome exempts a long list of military and semi-military equipment from the treaty's free-trade provisions. Many of the products listed could be brought under EC public procurement rules.

Progress in removing remaining trade barriers in the civilian sector is of major importance to the European arms industry. In an important amendment to the EC's founding treaty, governments agreed in 1985 to maintain the technological and industrial conditions necessary for their security. It is time to put these words into action.

The writer, a Dutch member of the European Parliament, contributed this to the International Herald Tribune.

Blame the Arabs for Mideast Impasse

By Hyman Bookbinder

WASHINGTON — It is simply mind-boggling to me that Stephen Rosenfield (on June 8 in the International Herald Tribune) can write a column on the 20th anniversary of the Six-Day War and not even mention the Camp David accords and the resulting Egyptian-Israeli peace treaty. If he had, and if he had acknowledged the historic significance of that breakthrough, he could not have suggested, as he did, that responsibility for the present impasse — one I believe as much as he does — is attributable to Israeli intransigence, American indifference and domestic politics.

Mundane and unsurprising as it may be to so state, the fact is that the underlying cause for the tragic impasse remains what it has been for all the 40 years of Israel's existence: the unwillingness or inability of Arab leaders or Arab nations to declare without ambiguity that Israel's presence as a Jewish state is legitimate. In the single significant exception to that Arab resistance — Sadat's historic visit to Jerusalem and the resulting peace treaty — Israel demonstrated how much it is willing to do in order to achieve peace. And in the earlier engagements with Syria and Egypt, even though Israeli recognition and formal peace were not explicitly achieved, Israel had shown readiness to withdraw from the promise of peace.

It is, of course, true that the principal issue today is the Palestinian problem. But it didn't have to be. It is now nine years since Camp David opened up the possibility of some real improvement in the welfare and governance of the Palestinians. If there had not been the Arab states' and the PLO's hostility to the Camp David option, Palestinians could today be enjoying the seventh or eighth year of

increasingly comprehensive autonomy — or even better than that if the first years of autonomy had demonstrated peaceful intentions of the Palestinian leaders in the West Bank and Gaza.

But these last years have made an accommodation much more difficult, although hopefully not impossible. Every additional day or month or year of delay only adds to the difficulty.

Each time the Arabs said "no" to Israel it meant also "no" to Palestinian self-determination.

culty, as new "facts" are created, as tensions mount, as willingness to compromise erodes.

The current debate, in the United States and in Israel, about the wisdom or usefulness of an international conference is a sobering reminder of the difficulties that stand in the way of what seems an eminently sound and timely proposal. One must wonder, and worry, whether years from now we will look back and consider rejection of such a conference as one more "lost opportunity" for resumption of the peace process and resolution of the Palestinian problem.

Having just completed work on a book that reviews the history of Arab-Jewish affairs, I am painfully aware of the many opportunities in the past that could have resulted in meeting

legitimate Palestinian aspirations, but in every case it was Arab rejectionism that made them too opportunities.

In 1917, implementation of the Balfour Declaration could have resulted in a Palestinian state along with a Jewish state.

In 1937, Peel Commission recommendations, reluctantly accepted by the Zionists, would have led to a Palestinian state.

The 1947 Partition Plan provided for a Palestinian state.

During 19 years of Jordanian rule of the West Bank (1948-1967), it was up to the Arabs to permit a Palestinian state.

The 1967 Khartoum Summit ruled out Arab recognition of Israel and with it the possibility of Palestinian self-determination.

Each time the Arabs said "no" to Israel it meant also "no" to Palestinian self-determination. If today this seems impossible to achieve, blame should be placed where it belongs.

Mr. Rosenfield places the blame on "extraordinary American defiance" to Israel. America has indeed been generous and otherwise supportive of Israel, but it has never stopped seeking out and working with Arab leaders willing to contribute to the search for peace. Small wonder that the policy of "special relationship" with Israel has commanded the broadest bipartisan support of Congress and the American people of all the foreign policy challenges we have faced for decades. Small wonder that it was able to make Camp David possible. And it is still the only major nation in a position to get the peace process moving again.

The writer, a special representative of the American Jewish Committee, contributed this to The Washington Post.

IN OUR PAGES, 75 AND 50 YEARS AGO

1912: Marines to Cuba

SANTIAGO, Cuba — A company of American marines guarding the El Cuero mines was attacked at one o'clock in the morning [June 11] by the insurgents, who were repulsed after considerable firing. There was no casualty among the marines, and the loss of the insurgents is not known. WASHINGTON — [More] U.S. marines will be available for service at Havana before noon today [June 11]. The cruiser Washington and the battleship Rhode Island are expected to make the run across Florida Straits to the Cuban capital within six hours.

President W.H. Taft believes he has ample authority for intervention. In view of the Platt amendment intervention in Cuba is not war, but merely police duty on the island. Reports from Cuba describe the situation as unchanged, with the negroes continuing to plunder property.

1937: Earhart in Africa

GAO, Central Africa — Amelia Earhart arrived here from Dakar at 2:40 P.M. local time [June 10], after a flight of 1,100 miles across the desert. She took off from Dakar at 6:55 A.M. Greenwich mean time, covering the stretch to Gao in six hours and 55 minutes. Miss Earhart followed the Niger Valley after leaving Dakar and passed over Bamako shortly before noon. Thence she flew to Timbuctoo and on to Gao. Her flight was hampered by terrific heat, which caused an intense ground glare. Heat waves rose to an average of a thousand feet and rendered visibility poor throughout the day. If the weather is favorable [June 11], Miss Earhart will continue her short-cut across the heart of the continent via Fort Lamy and Khartoum. Otherwise, she is likely to fly to Algiers and the Mediterranean, thence en route.

June 11, 1987

OPINION

The Latest Bulletin on AIDS: The Problem's Gotten Worse

By William F. Buckley Jr.

NEW YORK — Many newspapers have what amounts to an AIDS page every day. The disease is moving in on all fronts, and there is proposed legislation to discuss on Monday, new experiments in treatment on Tuesday, a discussion of what it really was that someone died from on Wednesday, and on and on. From time to time it pays to collect these data and chart where we are going with them. Here is the current scene.

In the matter of testing, it is increasingly clear that the United States is moving toward universal testing. Exactly what "universal" means will be an empirical

question in part, but an empirical question whose edges are deeply informed by diplomacy and the desire for privacy.

But consider the rapidity of the change in public sentiment. Less than a month ago a bill in the Senate to require testing for immigrants (and those seeking wedding licenses) was defeated 2-10. A couple of days ago the Senate passed a bill requiring testing for immigrants. Unanimously.

ON THE RIGHT

President Ronald Reagan, in his speech last month, asked for testing in four categories: the first, immigrants; the second, federal prisoners; the third, patients being treated for drug abuse and sexually transmitted diseases; the fourth, applicants for marriage licenses. We know that the test is compulsory in the U.S. armed forces, and we know that public health agencies came out a year ago in favor of testing of high-risk groups, together with a program to inform sex partners of those who register positive that they may be carriers of the virus.

Meanwhile, in dribs and drabs, we are reminded of the dimensions of the problem. Professor Stephen Gould of Harvard University has written about a possible 25 percent depopulation of the globe. Recently there was news of three nuns who acquired the virus by exposure to diseased blood. And — to volunteer a scarcely believable prediction, but one given me by a non-voluble student of the problem — it may prove difficult five years hence to engage medical attention for those who have AIDS. Her point (she is on the board of a hospital in Providence, Rhode Island) is that mysteries of

communicability are increasing rather than decreasing, and that the social indices thus point toward quarantine. Meanwhile, we get some specific data. The cost of testing is about \$30 per test. If a test registers positive, a second is administered. There is a very remote possibility that the second test will go negative, that the first was a false alarm. But if the second test is positive, a third is generally administered. And the indications at the moment are that there is a zero chance that the third test will be negative if the first two are positive.

Using rough figures, the cost of testing the 250 million people in the United States would be \$12.5 billion. But we are nowhere near developing the facilities for testing on so wide a scale. In San Francisco and Los Angeles and certain other cities there is a three-month wait for a test. If everyone were tomorrow to resolve that tests should be administered to everyone between the ages of 13 and 60, it would take months and months before it were possible to proceed, and more than \$12.5 billion to mobilize medical resources to do the job.

But the question is less and less "Should we test?" than it is "What do we do, having tested?" For instance, if we proceed to demand of potential immigrants not only that they test for five venereal diseases, infectious leprosy and active tuberculosis (the present U.S. requirements) but also for AIDS, what do we do with Pierre Lafitte in Marseilles who registers positive? Well, we tell him sorry, he can't come live in the United States. But do we then tell Mrs. Lafitte what we have discovered about her husband? Do we tell the French government? The quick answer is hell no, we've taken care of our own interest, and the privacy priority should now assert itself. But is this the way to treat the French — to disguise from the French community the knowledge that we have identified a carrier who may be transmitting the disease to other Frenchmen?

We do not know the figures and they are hard to come by, for obvious reasons. But for every 10 who want to be tested for AIDS to ascertain whether they have it, there are 22 or 107 or 207 who don't want to be tested on the ground that a positive result would ruin them psychologically. This would change if early discovery led to treatment that might cure, as early discovery of cancer increases the chances of survival.

It is as rough a problem as a democracy has ever faced. Stay tuned, and read the AIDS page every day.

Universal Press Syndicate.



AIDS anti-body

The Heartbeat of America Is Fluttering

By George F. Will

NEW YORK — From her office at the foot of the street of dreams, No. 1 Madison Ave., Faith Popcorn can see a few years ahead. That is why Brain Reserve, the company she founded 13 years ago, is coming money. She is a trend detector and today she sees a future full of women with hips, men with martinis, and microwave meatloaf.

If Ms. Popcorn is right, and she has prospered by being so in the service of

MEANWHILE

corporations eager to anticipate consumer whims, America's heartbeat is fluttering. She paints a melancholy picture of the national mood as revealed in its buying.

Americans are, it seems, nearly neurotic about the supposed fragility of their health, fatigued to the point of making a booming industry of pizza deliveries, starved for self-expression yet so out of practice that wearing denim and cooking with mesquite seems expressive, hungry for tradition but with such an attenuated sense of the traditional that the hunger is satisfied by eating macaroni and cheese, eager to rebel against constructive circumstances but satisfied to rebel by saying, "I'll not face another piece of fish; give me beef."

Ms. Popcorn has unwittingly pioneered the complaint theory of capitalism. By conducting thousands of interviews and scrutinizing hundreds of publications, she helps corporations connect products with people's anxieties and grievances.

In flight from shockiness, people will spend \$2 for a Dove Bar, an upscale ice-cream bar. In flight from sterility, they will pick products identified with striking personalities like Lee Isacova. A desire to

express anger accounts for the popularity of tall-show boots Oprah Winfrey and Phil Donahue, of capital punishment and 800-numbers telephone connecting callers to people they can shout at.

A sense that the environment is unsafe and our behavior even more so — first herpes, now AIDS — has produced a grim preoccupation with "wellness," even unto theories connecting particular foods with the well-being of particular organs — broccoli for the respiratory system, brussels sprouts for the liver.

Not even the "water bar" in Beverly Hills, which sells 200 brands of water, Ms. Popcorn says that because AIDS is giving thinness bad associations with a wasting disease, and because working women are eating more to sustain the energy burned up by stress, women increasingly are, if not Rubenesque, at least more ample.

"We've blanded out," says Ms. Popcorn, showing a way with verbs that earns her a place of honor on Madison Avenue. Down with white things, be they wines or veal, and up with beef. An oppressive sense of the everydayness of everyday life leads people to seek adventure and a sense of indulgence by buying Jeeps, sipping mixed drinks, even going to Australia to hang out with Crocodile Dundee. Among trend detectors, Australia-chic is a sure bet.

On the other hand, the harassments of daily life — looming nuclear incineration, rude waiters — have driven people to "cocooning." They have gone to

ground in their dens with their VCRs and compact-disc players, snug in their Barcaloungers equipped with stereo headphones, the better to keep at bay the modern world, the discontinuities of which have produced a longing for tradition. That longing is so superficial, it is assuaged by "50s 'n' 60s food" like macaroni and cheese, and microwave meatloaf. Even crinolines are coming back.

Ms. Popcorn says the pace of modern life and the perpetual exhaustion of couples who have become parents for the first time in their thirties, leads to "grazing" — taking little bites off the surface of life. There is a desire for snippets of experience, hence People magazine, USA Today and restaurants serving only hors d'oeuvres. Take-out food is selling well; every kitchen appliance but the microwave oven is being used less than it was four years ago.

Critics of capitalism have argued that in societies such as America's, all "natural" needs and desires have long since been satisfied, so capitalism will collapse unless manipulative marketing manufactures fresh appetites. The critics say Americans' material progress depends on their moral degradation to manipulated creatures.

But if Ms. Popcorn ("We use products to cheer up our boring little lives") is correct, capitalism can be kept cooking by people who regard consumption as therapy for the disappointments and aggravations they suffer in a capitalist society. Given the guidance of trend detectors, capitalism is not doomed by internal contradictions. It is powered by an internal dynamic of aches assuaged by creative products like microwave meatloaf.

Washington Post Writers Group.

The Rotten Apples in Iran

Regarding the opinion column "We Must Not Be a Part of Such Terror" (May 22) by George Wald:

Three cheers for George Wald and his article on Iran. Yes, it is a fact that the entire nation of Iran has been taken hostage. Ex-convicts and present thugs and bullies are bleeding and plundering Iran in the name of Islam.

Excluding some writers like Mr. Wald, the rest suddenly all have become anthropologists. What they write about Iran is basically of the same tune: "Well, after all, it is their culture and religion, we have to accept it."

America and the West in general have lost their credibility among the silent majority of Iranians, and a deep hatred is growing. The memory of America, great friend of downtrodden nations is fading. America who opposed the 1907 pact of the partition

of Iran, America who forced Stalin to evacuate northern Iran, America who helped the Shah and Dr. Mossadeghi in the nationalization of petroleum. Do not let this rotten apple fall on your lap.

SIAMAK MOSSADEGHI,
Assistant Professor,
University of Amsterdam.

A Galactic Role Model

Regarding the back-page feature "Star Wars: The Lucas Saga" (May 23) by Aljean Harms:

How could you? How could you leave out of the list of heroes the name of Princess Leia Organa?

Because of her, a whole generation of girls (and boys) has grown up knowing that a woman can lead a galactic rebellion, pilot and repair spaceships, fight guerrilla warfare and pitched battles, and strangle an enormous, repulsive

monster with her bare hands (well, she uses a chain). All this while remaining attractive to her two suitors.

George Lucas is a wizard who has done for women's image in the media (and in our heads) what a whole generation of "serious" writers could not do: give us a role model of the heroic kind. For many women, Leia is Mr. Lucas's finest accomplishment.

YVETTE GHILAN,
Tel Aviv.

The CIA Plot Over Moscow

All those administration officials and columnists in the United States who usually follow the U.S.-Soviet scene with such diligence and interpretive skill are missing the boat this time.

Perhaps the whole thing is a KGB plot to make us think the Russians are really weak so we don't have to keep building more weapons to protect ourselves.

I favor the theory that it was a brilliantly planned and executed mission by the CIA to obtain pictures of the side walls of the Kremlin that are unobtainable by satellite photography.

BARRY CHILDERS,
Geneva.

Sunagawa: Not Just a Mine

Regarding the report "Remember the Coal Mine at Sunagawa" (May 28) by Gregory Clark:

I read the article with disappointment. Such a knowledgeable Japanologist as Professor Clark is too cynical about Japan's problem. Maybe he is drawing a caricature of Japan for curious western readers. But I am afraid of misunderstanding by innocent readers.

Yes, we are very emotional about the closing of the Sunagawa mine, with good reason. When we were struggling with economic reconstruction from the last

disastrous war, coal was a matter of life or death for economic reconstruction. The industrial policy at that time was what was called "tilted production of coal," giving the first priority to coal mining. Limited national resources were concentrated on digging coal and miners were exhorted to produce more. The reclusive Emperor went down coal pits and exhorted miners. It was not only at Sunagawa, but other mines in Hokkaido. Now they are being closed because they are not competitive. It is not the problem of 700 jobs in the remote area of Hokkaido, but of the economy of the island and communities. Because we owe these miners so much for our present affluence we cannot say to them, "So sorry." Economy is not inhuman social science but is human activity reflecting historical social background and its people.

TAKESHI SAKURAUCHI,
Tokyo.

GENERAL NEWS



Policemen in Panama City breaking up an anti-government demonstration.

Charges by Retired Panama Colonel Provoke Violent Protests in Capital

By Julia Preston
Washington Post Service

PANAMA CITY — Accusations leveled at Panama's military chief, General Manuel Antonio Noriega, by his former chief of staff have given rise to violent street demonstrations and crackling tension here.

On Tuesday, for the third day in a row, an opposition newspaper carried detailed allegations by Colonel Roberto Diaz Herrera linking General Noriega to fraud in the 1984 presidential elections and to the deaths of a former ruler, General Omar Torrijos, and to Hugo Spadafora, a critic of General Noriega. It was the first time a high-ranking officer left the brotherhood of Panama's allegedly corruption-ridden armed forces to hurl public charges against comrades in arms and particularly against General Noriega, the power behind the government. Colonel Diaz was forcibly retired June 1.

Diplomats and newspaper editors said Colonel Diaz's statements appeared to be a mixture of truth and falsehood aimed at his enemies in the armed forces.

But his "confession" added a new source of instability in this nation.

About 3,000 rock-throwing demonstrators clashed repeatedly on the capital's main avenues with riot police armed with clubs and shields. Some protesters were beaten severely, and the police fired tear gas and rifle rounds to disperse the crowds.

In an interview on national television following the demonstrations, Colonel Diaz appeared to back away from his charges and

said he would make no further accusations. United Press International reported.

"Now, I do not want to talk about blaming anyone because I feel that no one is guilty, not even the same people I blamed before, not even General Noriega," he said. "Maybe I am the only guilty person. I have provoked an agitation in this city that has many people upset, tense."

"We've been using the word crisis in this country for years," said Archbishop Marcos McGrath, the leader of the Roman Catholic Church here. "But this has brought on a more severe state of tension."

The U.S. Embassy noted the "tremendous impact" of Colonel Diaz's charges and added: "The United States strongly supports the efforts of Panamanians to get all the facts out in the open in a manner that is fair to all. Panamanians can only resolve the situation on the basis of the truth."

Since Sunday, Colonel Diaz has remained in his mansion giving interviews, surrounded by followers armed with automatic weapons and gasoline bombs.

Late Tuesday, Colonel Diaz agreed to surrender to church representatives the weapons used to guard his house. He said three priests would stay there, protecting him and his family.

General Noriega said Monday that he would not "enter into polemics," because "the current situation is the result of a conspiracy whose name is known."

Captains and majors signed a statement expressing their loyalty to the general. The armed forces spokesman, Major Edgardo Lopez,

suggested that Colonel Diaz was mentally unstable.

On Sunday, the opposition daily La Prensa carried part of a rambling interview with Colonel Diaz that began with an announcement that the colonel wished to "get closer to the Lord." Colonel Diaz accused General Noriega of helping him plot 1984 election fraud, final details of which were arranged "in my own house."

The 1984 elections were widely believed to have been fraudulent. Nicolas Arditio Barrios briefly became president, until General Noriega overthrew him less than a year later.

Colonel Diaz said he made enough money to build his luxurious home and purchase two others with money he made illegally selling Panamanian visas to Cubans wishing to come through Panama en route to U.S. exile.

Colonel Diaz has also charged that General Noriega "was directly involved" in the July 31, 1981, death of Torrijos, a popular nationalist, in a crash of a private plane in the jungle. Colonel Diaz, a cousin of Torrijos, charged that General Noriega arranged for a small bomb to be planted on the plane and that he "sent a message" to the U.S. vice president, George Bush, about Torrijos's death.

Colonel Diaz also has charged that General Noriega "organized" the September 1985 assassination of Spadafora, a former health minister who organized a guerrilla brigade that first fought in Nicaragua against Anastasio Somoza and later against the Sandinista government that succeeded him.

Catharanthus roseus. Many of the world's children who have suffered from Leukemia are now alive due to the properties discovered in the rosy periwinkle. It originated in Madagascar, where thousands of endemic plants are in danger.

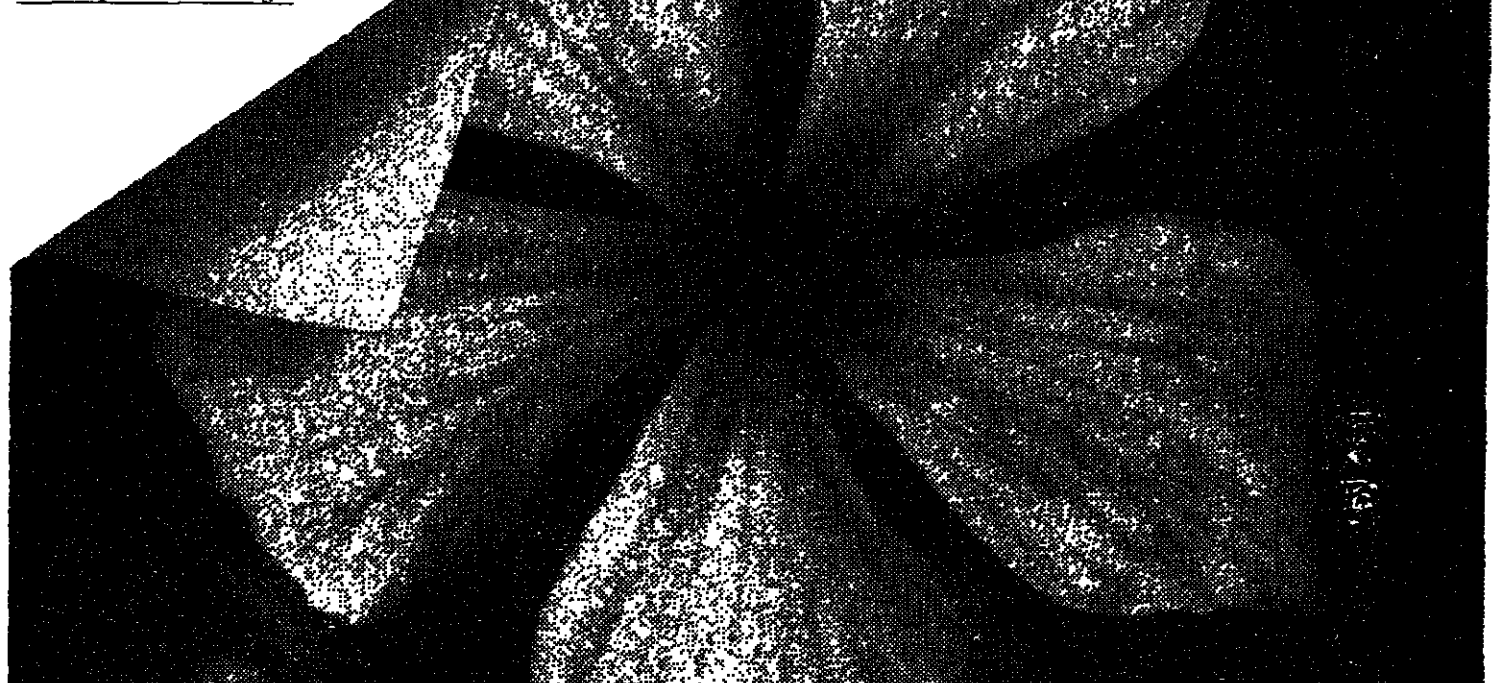


Photo: Mark J. Plotkin

Plants have fed the world and cured its ills since life began. Now we're destroying their principal habitat at the rate of 50 acres every minute.

We live on this planet by courtesy of the earth's green cover. Plants protect fragile soils from erosion, regulate the atmosphere, maintain water supplies for agriculture and prevent formation of deserts. Without plants man could not survive.

Yet, knowing this, we are destroying our own life-support system at such an alarming rate that it has already become a crisis — a crisis for ourselves and an even bigger one for our children.

The figures alone should tell the story — we destroy a tropical rain forest three times the size of Switzerland every year; within 25 years only fragments of the vast Malaysian and Indonesian forests will remain.

What we are destroying

Much of the food, medicines and materials we use every day of our lives is derived from the wild species which grow in the tropics. Yet only a tiny fraction of the world's flowering plants have been studied for possible use. Horrifyingly, some 25,000 of all flowering species are on the verge of extinction.

Once the plants go, they are gone forever. Once the forests go only wastelands remain.



Photo: Courtesy of Richard Evans Schulze

Dr. Richard Evans Schulze, director of the Botanical Museum at Harvard University, has spent 13 years in the Amazon jungle collecting the "magic" plants of myth and legend and making them available to Western medicine and science. "The drugs of the future," he says, "grow in the primordial jungle."

Who is the villain?

There is no villain — except ignorance and short-sightedness. The desperately poor people who live in the forests have to clear areas for crops and fuel, but they are doing this in such a way that they are destroying their very livelihood.

Add to this the way in which the heart is being ripped out of the forests to meet the demand for tropical timbers and we have a recipe for disaster.

What can be done about it?

The problem seems so vast that there is a tendency to shrug and say "What can I do?" But there is an answer.

The WWF Plant Conservation Programme

The World Conservation Strategy, published in 1980, is a programme for conserving the world's natural resources whilst managing them for human needs. A practical, international plant conservation programme has been prepared based on WCS principles and is now well under way all around the world.

You can become part of it

The WWF Plant Conservation Programme is a plan for survival which you can help make a reality. Join the World Wildlife Fund now. We need your voice and your financial support.

Get in touch with your local WWF office for membership details, or send your contribution direct to the World Wildlife Fund at: WWF International, Membership Secretary, World Conservation Centre, 1196 Gland, Switzerland.



Save the plants that save us.

WWF FOR WORLD CONSERVATION

The European Corporate Electronic Publishing Conference & Exhibition. See us at stand D.2.

the system on cold instead of hot. "worried about," said Vice DePaulis, "posal will figure as a major bar-

Allies Must Aid U.S. In Gulf, Aspin Says

By George C. Wilson
and Helen Dewar
Washington Post Service

WASHINGTON — President Ronald Reagan's Gulf policy will go "down the drain" unless he can persuade allied nations to do more to keep the Gulf safe for shipping, Defense Secretary Caspar W. Weinberger was warned during a House of Representatives hearing on Tuesday.

"Congress is all over the map on this issue," Representative Les Aspin, the chairman of the House Armed Services Committee, warned Mr. Weinberger, who appeared before the committee. "But one thing is sure everybody agrees on is that our allies ought to do more. Do not let them off the hook. If this policy is going down the drain."

"If we end up with American boys losing their lives in the Persian Gulf because of strikes like the Stark, and you've got cars in Europe zooming down the autobahn using the gas, that is just going to set this country off like a tinder box."

Thirty-seven U.S. sailors were killed during an apparently accidental attack by Iraq against the U.S. guided-missile frigate Stark near Bahrain on May 17.

Mr. Aspin, a Wisconsin Democrat, said that allied cooperation is the "cornerstone" of the political storm around the Reagan administration's plan to use navy warships to escort 11 Kuwait tankers, flying the U.S. flag, through the Gulf.

Mr. Weinberger told the committee that the refueling of the Kuwait tankers should be finished by the end of this month but said only that the actual escorting would begin "very shortly" afterward.

In the Senate, a bipartisan group of senators introduced legislation to invoke the War Powers Resolution

if the administration went ahead with the escort plan. Similar legislation is expected to be introduced in the House on Wednesday.

The legislation would establish procedures for the Reagan administration to consult with Congress on refueling and escort actions and require congressional approval to continue the escorting for longer than 90 days. Its passage is not expected.

Earlier, Senators Mark O. Hatfield, a Republican of Oregon, and Claiborne Pell, Democrat of Rhode Island, joined in introducing legislation to prohibit the refueling of the vessels.

Mr. Weinberger stressed that the administration is seeking allied help in the Gulf.

But he appeared to be making a case for going it alone if necessary, warning that any power vacuum the United States left.

Mr. Weinberger added that France already maintained "a substantial naval presence in the Indian Ocean" and sends ships into the Gulf, and that Britain "routinely deploys there."

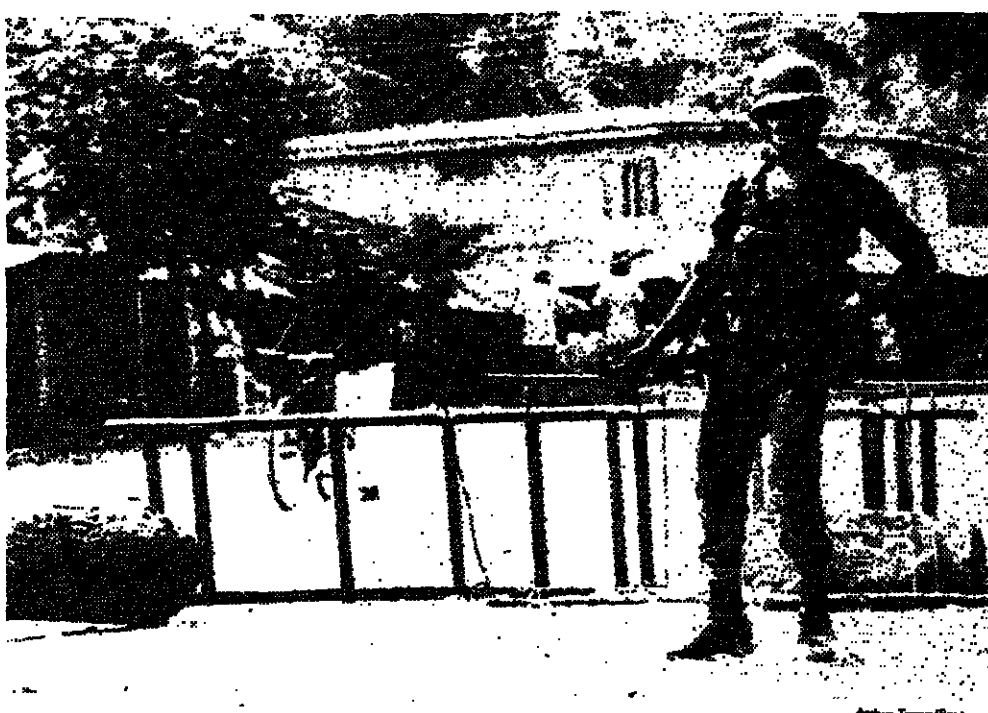
Japan, he said, "contributes in another way" by deploying "significant" anti-aircraft and anti-submarine forces opposite Vladivostok, the base of Soviet naval forces in the Indian Ocean.

Mr. Aspin asserted that Mr. Weinberger was providing loopholes for friendly governments to duck through when asked to do more to police the Gulf.

Tanker Hits Mine in Gulf

A Greek tanker loaded with Kuwait crude hit a sea mine in the Gulf on Tuesday, Reuters reported from Bahrain.

The tanker Ethnik, which was hit by an Iranian missile in August, hit the mine after loading in Kuwait. There were no reports of injuries.



A Sri Lanka soldier standing guard Wednesday in the Jaffna peninsula town of Point Pedro.

Sri Lanka Army Halts Drive on Rebels

Reuters

COLOMBO, Sri Lanka — The Sri Lankan government said Wednesday that it had halted its military offensive against Tamil guerrillas in the northern Jaffna peninsula and was ready for peace talks.

The offensive has caused a serious diplomatic dispute between Sri Lanka and India, which dropped relief supplies by airplane to residents of the Jaffna peninsula despite the objections of the government in Colombo.

In New Delhi an External Affairs Ministry spokesman reacted cautiously to the news that the offensive had been halted.

"At this stage I will confine myself to saying that we are keeping a close watch on the situation in Sri Lanka," he said.

Mr. Athulathmudali, who is in charge of Colombo's anti-guerrilla campaign, said the army would not attack the town of Jaffna itself, stronghold of the Liberation Tigers of Tamil Eelam. The army carried

were among the 2,677 detained during the operation on suspicion of being guerrillas. Ninety were freed Tuesday.

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Mr. Athulathmudali, who is in charge of Colombo's anti-guerrilla campaign, said the army would not attack the town of Jaffna itself, stronghold of the Liberation Tigers of Tamil Eelam. The army carried

out "limited operations" near Jaffna, he said.

More than 3,000 troops backed by aircraft mounted the operation May 26 and captured the rebel bastion of Vadamarachchi, on the northeast of the peninsula.

India, which has 50 million Tamils in the south, claimed that hundreds of civilians were killed in the fighting. Sri Lanka said only 47 were killed. Reports from residents fleeing the fighting suggest that the number of civilian deaths lies between the two claims.

Togo to Restore Israeli Ties

The Associated Press

LOME, Togo — Togo has decided to re-establish relations with Israel, the Rally of the Togolese People, the governing party, announced Tuesday. Togo broke relations with Israel in 1973.

Expatriates Lured by Thailand Americans Like Ethic of Pleasure, Slow Pace

By Seth Mydans
New York Times Service

BANGKOK — The tale of Morgan Adams, an American diplomat who resigned "for unexplained reasons" and now lives in Thailand among opium wardens and beautiful women, has captured the imagination of people here.

Adams is the hero of a new adventure novel called "Missing by Choice," by a real American diplomat, Maurice M. Tanner, who is also about to retire and put down roots in Thailand.

The fictional Adams is a swash-buckling version of the hundreds of Americans who have chosen to make their homes in Thailand for reasons they too sometimes find hard to explain.

The expatriates include diplomats, Vietnam War veterans, journalists, language teachers, relief agency workers and successful businessmen.

Some are what another American diplomat, Joseph McBride, calls "Thailand junkies," attracted to the country's easygoing pace of life and its ethic of pleasure.

Many others are the last holdovers of U.S. involvement in Indochina, people depicted by one resident as "still hovering around the edges of Vietnam, unable to get on with their lives."

It is such people, shut out of a land they cared about but unwilling or unable to leave it behind them, who give this group of American expatriates a special poignancy.

A few of them have found jobs that will keep them close to Vietnam while they wait for wives or fiancées who are still hoping for exit visas.

Mr. McBride, who was evacuated by helicopter from the U.S. Embassy in Saigon on April 30, 1975, called Thailand "a good second best" to the country where he said he spent his formative years.

"Sooner or later I'll go back to my old district in the delta," he said. "Vietnam is still the one thing that grabs the attention of people like me. What went wrong? What could we have done?"

Another veteran, a 41-year-old New Yorker who asked not to be identified, spoke late one night in a bar called Lucy's Tiger Den of his determination to lead a mission to rescue friends who are missing in action in Indochina.

"I'll crawl back there on my hands and knees — you know the feeling?" he said. "It sounds crazy, but it can be done. Sometimes I think I'll just get myself a little suntan and blend right in and walk across."

Lucy's is a rendezvous for Viet-

nam veterans and overseas construction men who moved on from lucrative contracts in Vietnam to jobs in the Middle East.

The bar's owner, A.J. Rydberg, known as Tiger, sets the tone each night with a monologue of reminiscences about his days as an ironworker.

According to his account, his roots in Thailand go back to 1971, when he arrived from Vietnam, got drunk for 54 days straight, married Lucy somewhere in the middle of it and went into the bar business.

Veterans also gather at the four chapters of the Veterans of Foreign Wars in Thailand, a country where someone can live well on a military pension.

"This is not a country to go to seed in," Mr. Tanner said. "You go

to seed in a hurry, because life's too easy. It's too easy to pay for the next whisky and the next girl."

Mr. Tanner said he planned to retire in the country with his Thai wife and to write more stories about Morgan Adams.

"We're the travelers of the world, the people without a home," said Mr. Tanner, whose links are not with Vietnam but with Thailand, where he has lived for 13 years.

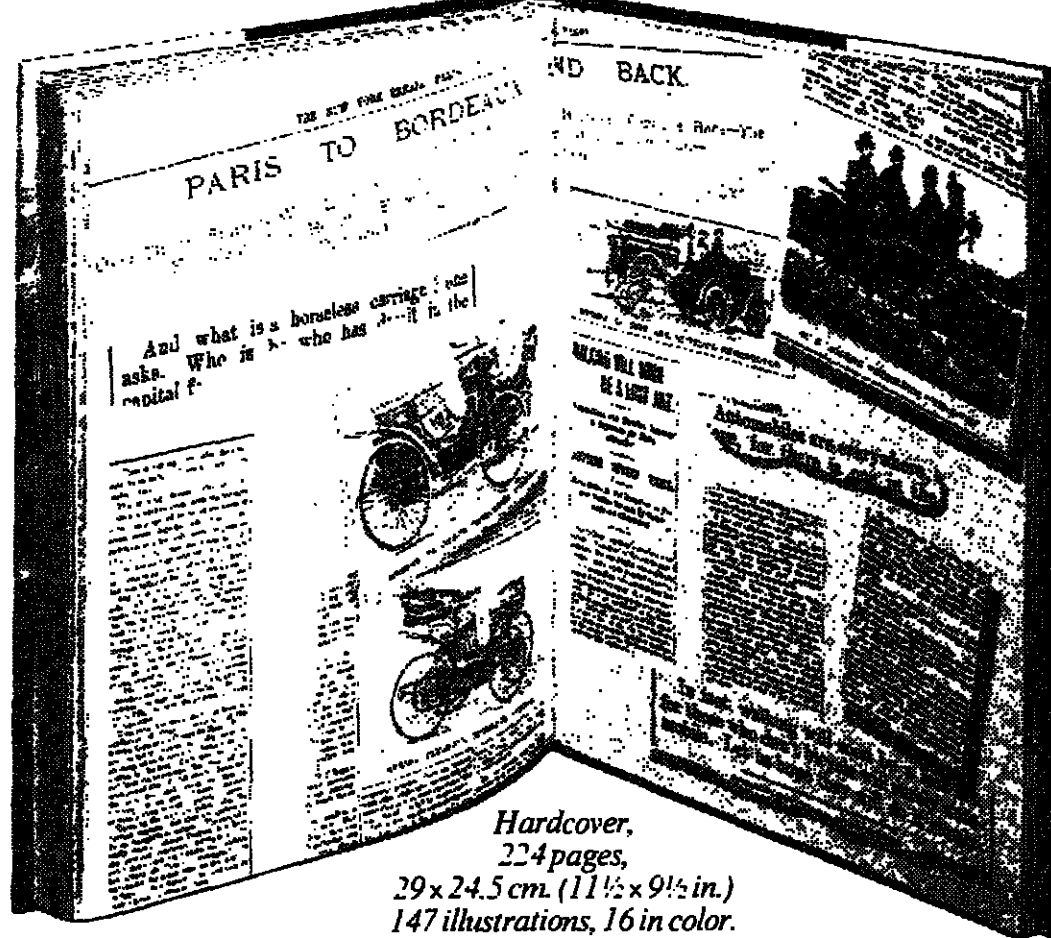
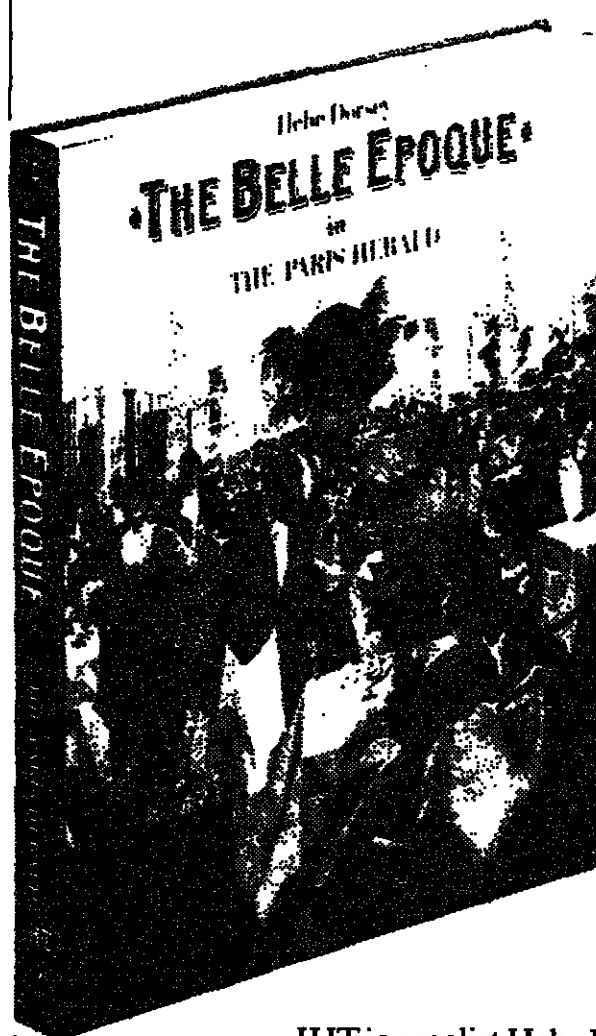
"We find ourselves with a foot in both cultures," he said. "I take part in a village ceremony with my mother-in-law, and the next night I'll be in a diplomatic reception in Bangkok."

He added, "I suppose I've never felt more of a stranger in my life than I did at my high school reunion in Phoenix."



CURFEW AT WEST BANK CAMP — Israeli troops raised a fence at the Dehaisheh refugee camp near Bethlehem on Wednesday to prevent Palestinians from throwing stones and firebombs at passing cars. The army put the camp under curfew on Tuesday night.

On-the-spot reports of an era of great inventions and remarkable people



Hardcover, 224 pages, 29 x 24.5 cm. (11 1/2 x 9 1/2 in.) 147 illustrations, 16 in color.

IHT journalist Hebe Dorsey, fascinated by the Belle Époque, has compiled a book that is a veritable open window on that extravagant period. Using the most authentic of sources — the archives of the Paris Herald (former nickname of the International Herald Tribune) — she has sifted through literally thousands of pages of newsprint to bring readers an immense variety of information as well as reproductions of major news stories of the

time, articles, gossip columns, sports pages, turn-of-the-century fashion news (for men and women)... even old-time comic strips and cartoons.

In day-to-day editions, the Paris Herald chronicled the decline of the old, existing order and caught the Belle Époque spirit of emerging modern life. It's history as you like it... with flair, fun and style. Order this beautiful book today... to keep or give.

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U.S. Wants Indonesian On Shuttle

JAKARTA — The United States worried that the Soviet Union might muscle in on its satellite Indonesian astronaut aboard a future space shuttle.

"The U.S. is still very interested in having Dr. Pradwi Soedarmo participate on a future shuttle launch," the U.S. Embassy here said in a statement Wednesday.

The statement was issued a week after the Soviet Union offered to train Indonesian astronauts for a Soviet space mission.

Last week, the Soviet ambassador, Vladimir Semenov, offered to launch Indonesia's next satellite, which could be operational by the end of the decade.

Indonesian officials were reported to say that they would consider the Soviet offer if the financial terms were good.

Georgi S. Tarashevich, the visiting Soviet vice chairman, said Tuesday that he might talk about Soviet-Indonesian space cooperation with Indonesian officials during his eight-day visit.

Foreign Minister Mochtar Kusumaatmadja appealed to George P. Shultz, the U.S. secretary of state, to help arrange an early launch date for the Palapa B-2F satellite when the grounded U.S. space shuttles start flying again.

Greece, Denmark Ask UN to Open War Crimes Files

UNITED NATIONS, New York — Two former members of the War Crimes Commission, Greece and Denmark, have added themselves to the list of nations that favor opening the UN files on war criminals to the public.

Australia, the United States, the Netherlands and Yugoslavia have already indicated that they would like the rules of access broadened. The files are at present available only to governments on a confidential basis.

Norway is also thought to favor opening the files and said it would send a letter to the United Nations on the matter.

Secretary-General Javier Pérez de Cuéllar has said he would consider opening the files if a substantial number of the 17 states formerly on the commission favored the move. His spokesman, François Giuliani, said the secretary-general would consider the options over the next few weeks and might call a meeting of former commission members this summer.



60 years later, Le Bourget welcomes another historic visitor from America: the B-1B.

In 1927, Charles A. Lindbergh's heroic solo flight across the Atlantic established an unforgettable moment in aviation history.

Now, another milestone airplane is welcomed to Paris: the United States Air Force B-1B, the most

advanced strategic bomber in the world.

Like "The Spirit of St. Louis," the B-1B landed at Le Bourget Airport, where it will be on view during the 37th Paris Air Show.

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me system on cold instead of hot," worried about," said Vic DePaula, "posal will figure as a major bar-

HEARINGS: Questions Unanswered in Contra Affair

(Continued from Page 1)

bert Hakim, who stood to make millions of dollars in personal profit. Although they had no security clearance, they were given highly classified government codes and encryption machines and access to some of the dearest secrets of the government.

Top government officials repeatedly looked the other way rather than learning important facts. Secretary of State George P. Shultz, for example, was said to have considered Colonel North a "loose cannon." But Mr. McFarlane, who was Colonel North's boss, said that Mr. Shultz never quizzed him about Colonel North's activities.

Moreover, neither Mr. McFarlane nor Elliott Abrams, the assistant secretary of state who said he was assigned by Mr. Shultz to "monitor Ollie," seem to have been the least bit inquisitive about what the colonel was actually doing.

Mr. McFarlane and Mr. Abrams acknowledged that they had deliberately misled Congress last year about the administration's efforts on behalf of the contras. As a result, further appropriations for the rebels are at best problematic, and Mr. Abrams' job is in jeopardy, despite Mr. Shultz's repeated vows of support.

Lawyers and legislators can

disagree about whether the laws restricting official government assistance to the Nicaraguan rebels were broken. There is no doubt, however, that the spirit and intent of the laws, known as the Boland Amendment, were violated. To take two examples, the ambassador to Costa Rica, Lewis A. Tamb, obtained permission to build an air strip in that country, and the Central Intelligence Agency helped supply flights to the contras.

Colonel North is clearly in danger of being prosecuted. He destroyed some documents and ordered others altered when the authorities began to make inquiries, raising the possibility of obstruction of justice. Other evidence shows that he may have conspired to defraud the government.

The colonel and others were cavalier with money that had been raised to support the contras. He arranged for some of the money to be spent on an abortive attempt by the Drug Enforcement Administration to free hostages in Lebanon and used traveler's checks given him by a contra leader to buy groceries, snow tires and other personal items.

Mr. Hakim still has millions of dollars from the arms sales to Iran in his own bank account. General Secord used some of the money to

buy a Porsche sports car and a Piper Seneca aircraft. The general's lawyer, Thomas C. Green, may have received a personal loan from the arms proceeds.

Things done in the name of the United States are now embarrassing, even humiliating — begging dependent allies around the world for arms and arms for the contras, cutting deals with disreputable and disreputable middlemen, and relying on the legal opinion of a man in his first job as a lawyer who had flunked bar examinations four times.

Some of these issues may be developed further in the weeks ahead. For instance, who if anyone gave Colonel North orders? Was it Mr. Reagan? Admiral Poindexter? Mr. Casey?

"I have never believed North acted alone or acted without direction," said Warren B. Rudman of New Hampshire, the top Republican on the Senate panel. "But I don't speculate on where that direction came from."

But the committee plan also to turn to a broader and ultimately more important question. How, in this bicentennial year of the U.S. Constitution, can the American system of checks and balances be so badly breached, and what can be done to prevent it from happening again?

U.S. Air Controllers Vote on New Union

By Laura Parker

Washington Post Service

WASHINGTON — In Boston, air controllers say morale at their control center ranks last in the country. In Los Angeles, controllers say they are tired of working six days a week. In Chicago, they say they have had more air traffic, but little relief since 1981 when their ranks were thinned by a bitter strike.

Little wonder, they add, that they are on the verge of organizing a new union, the National Air Traffic Controllers Association.

Ballooning over whether to recognize the association as their official bargaining unit ended Wednesday, and the votes are being counted Thursday to determine exactly how strong the call for a new union is.

The controllers have been without a union since 1981, when 11,400 of the country's 16,500 controllers were dismissed by President Ronald Reagan during the illegal strike.

The proposed union's constitution contains a no-strike clause, in part because controllers who crossed the picket lines in 1981 and went back to work have denounced the strike as a mistake.

Of the 12,768 controllers eligible to vote, more than 10,000 have returned ballots. Only a simple majority is needed to launch the union, but John F. Thornton, its national organizer, said he wanted to see at least 70 percent vote yes to give it some clout.

At Federal Aviation Administration headquarters, where a contingency plan for working with a unionized workforce has been developed, the agency chief, Donald D. Engen, has declined to speculate

about the vote — other than to say he does not think the support for a union is all that strong.

In an effort to improve employee relations, the agency organized human-relations committees at control facilities. And, in a demonstration of its willingness to listen to its employees, the agency management has made a number of concessions in recent months on work conditions.

But controllers list dozens of other examples where the agency has been less sensitive — ranging from what management concedes was an insensitive investigation over alleged drug use among controllers in Los Angeles to the flap in Atlanta when three airport controllers were sent home because they did not wear socks to work.

Perhaps more significant is the viewpoint that the agency, as a ward of the Transportation Department, is politically powerless to solve what is regarded as the most critical issue: manpower.

"Staffing is the No. 1 issue," Mr. Thornton said. "It has to do with the six-day work week. It has to do with traffic acceptance rates. It has to do, to a certain extent, with controller errors. It encompasses everything, and we've got a group of people who've been working like this since 1981 and you can only work people like that so long."

The Transportation Department announced last week that it planned to hire an additional 955 controllers, supervisors and traffic-management specialists next year — at a cost of \$51.5 million. The new traffic controllers will need three years to complete their training.

PLANE: Cockpit Manning at Issue

(Continued from Page 1)

In several thousand passenger planes currently in service around the world, all designed for three-member crews. These include the Airbus A300, McDonnell Douglas DC-10, Boeing 727 and earlier versions of the Boeing 747.

Mr. Celier, of the flight engineers union, cited reports to the French civil aviation authorities purporting to show how flight engineers on at least three different occasions last year averted mid-air crashes by warning the pilot and co-pilot about approaching aircraft.

"We have proposed training our flight engineers for other jobs at company expense," the executive said. "But putting these people into our new A320s is absurd and totally unnecessary. There is no job to be performed anywhere."

"On another occasion recently, which was not reported, I was in the cockpit and, to avoid collision with a Boeing 727, I throttled

back," said Mr. Celier, a 15-year veteran at Air Inter. "We plunged, saving both of us."

Air Inter, which has ordered 24 A320s for delivery next year, refuses to negotiate with the union. "You can prove what you want with examples of what reportedly happened in the air," said an Air Inter executive, commenting on Mr. Celier's reports. "Normally, pilots and co-pilots spot approaching planes."

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TEAMSTERS: U.S. Seizure Bid

(Continued from Page 1)

convicted Cleveland mobster, Angelo A. Lonardo, and Mr. Williams himself, as well as other evidence, has alleged that Mafia leaders in Chicago and New York ordered loans for Las Vegas casinos from the huge Teamsters pension fund in Chicago.

The Chicago fund has since been placed under court supervision with outside investment advisers. Statistics compiled by the Department of Labor and the President's Commission on Organized Crime list more than 100 local Teamsters officials and consultants in the last five years who have been convicted or are under indictment for embezzlement, mail fraud, bribery, racketeering or for defrauding union health and welfare plans.

John R. Cimino, general counsel of the Teamsters and Mr. Presser's personal defense attorney, refused to comment on the matter.

The pending criminal case against Mr. Presser and two associates, the international vice president, Harold Friedman, and the Cleveland recording secretary, Anthony Hughes, is based on allegations that they siphoned off \$700,000 in union funds over 10 years to pay the salaries of "ghost employees."

All three have pleaded not guilty to the charges, which include labor racketeering and bribery.

Summit's Scale Is Criticized

New York Times Service

VENICE — Have the annual summit meetings, of which the one being held here is the 13th, grown too large and too formal?

Former President Valéry Giscard d'Estaing of France, who was the host for the first one at Rambouillet outside Paris in 1975, thinks so. In a recent newspaper interview, he said that what he had in mind was a "man-to-man" explanation by the participants of their real intentions.

Since then, he asserted, there has been a steady move away from intimacy and toward huge journalistic operations, exchanges between the leaders that are formal and not spontaneous, and communiques that are agreed upon between the aides to the conferees days or weeks before the meetings.

"These communiques don't make much sense," the former president said. "There has been very little relation, alas, between what has happened during the last four years and the text of the communiques."

SUMMIT: Effort on AIDS, Rates

(Continued from Page 1)

gan's arms control initiatives in general terms.

Foreign ministers were traveling to Reykjavik from Venice for a meeting of the North Atlantic Treaty Organization, which is expected to give the United States the specific backing it wants to rid Europe of nuclear missiles more than 300 miles (500 kilometers) in range, despite allied misgivings about the long-term security implications of the deal.

On the question of AIDS, a rapidly spreading and fatal condition that immobilizes immunity to infectious disease and cancer, the summit meeting leaders stressed the need for adequate education and supported a British proposal to sponsor a meeting of health ministers aimed at improving education techniques.

They called AIDS "one of the biggest potential health problems in the world," but they said measures against it must respect human rights and accepted a French proposal to set up an committee to review ethical problems created by the disease.

"National efforts need to be intensified and made more effective by international cooperation and concerted campaigns to prevent AIDS from spreading further," the statement said, "and will have to ensure that the measures taken are in accordance with the principles of human rights."

"In the absence of a vaccine or cure," they said, "the best hope for the combat and prevention of AIDS rests on a strategy based on educating the public about the seriousness of the AIDS epidemic, the ways the AIDS virus is transmitted, and the practical steps each person can take to avoid acquiring or spreading it."

The leaders warned against duplication of effort in combating the spread of the disease, and called

Slight Losses Are Forecast For Socialists In Spain Vote

By Tom Burns

Washington Post Service

MADRID — Spain's governing Socialist Party sustained only slight losses Wednesday in a three-tier election, according to early forecasts.

The elections were seen as an indicator of the continuing popularity of Prime Minister Felipe Gonzalez despite strikes and demonstrations earlier this year.

Exit polls indicated that the Socialists remained by far the most powerful party in Spain after voting ended to elect members to the European Parliament, to city and town halls nationwide, and to legislatures in 13 of the country's 17 regional parliaments.

Officials said that 68 percent of Spain's 28.4 million voters had cast ballots, about the same as in national polling almost exactly a year ago when Mr. Gonzalez won a second term in office with a renewed majority.

The forecast indicated that the Socialists had gained 41 percent of the votes cast to elect the 60-member Spanish contingent to the European Parliament. The Socialists seem likely to have 29 seats in the parliament, followed by the conservative Popular Alliance, which was forecast to have won 23 percent of the vote, winning 16 seats.

Mr. Gonzalez's Socialists lost some ground in the municipal elections. The forecasts indicated that the party had lost the absolute majority it had held in some major cities, among them Madrid, Zaragoza, Valencia and Mr. Gonzalez's own home town of Seville. But the Socialists received the most votes in the cities and party members appeared likely to continue as mayors.

The forecasts indicated that sustained voter appeal for the Socialists in the European Parliament and the city hall results would be mirrored in the vote to elect members to the regional parliaments.

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EXTRADITE: U.S. Bid Rejected POPE:

(Continued from Page 1)

would have preferred to have him extradited."

But Reagan administration officials expressed relief that the West Germans at least seem to have backed away from negotiating a rumored deal that U.S. officials said would have been a capitulation to international terrorism.

U.S. officials have said for the last month that they had assurances from the West German government that Bonn would try Mr. Hamadeh for murder and air piracy in West Germany, and thus satisfy its legal obligations, if it did not extradite him to the United States.

Bonn officials, without publicly confirming those U.S. accounts, have indicated that they were correct.

Under the proposed deal the West German businessmen would have been released in return for the trial of Mr. Hamadeh and his brother — Abbas Ali Hamadeh, also held in a West German prison — on lesser charges of possessing explosives.

Such a deal possibly would have resulted in the release of the Hamadehs after serving six-month sentences on the lesser charge.

Mohammed Ali Hamadeh was

POPE: Justice for Farmers

(Continued from Page 1)

show they perform less effectively

Slight Loss
Are Forecast
For Social
In Spain

السلامة من الازدحام

SCIENCE

Biotechnology: The Payoff

By Andrew Pollack
New York Times Service

SAN FRANCISCO — After a decade of research and testing, the payoff from genetic engineering is finally within sight.

The first few products created by genetic engineering are now on sale, and many more are being made ready for marketing. "I think you're about to see the avalanche in the next two years," said Ronald E. Cape, chairman of the Cetus Corp., a leading biotechnology company.

The arrival of new products, mainly powerful new drugs, signals the transition of the biotechnology industry from the laboratory to the marketplace.

As the industry matures, it still faces numerous legal and regulatory issues that could determine whether genetic engineering will be as big a commercial success as a technological one. Chief among those concerns are patents, which biotechnology companies say are vital to assure a return on risky investment.

Numerous biotechnology companies are now locked in patent fights with their rivals. In addition to individual patent fights, there are questions over what should be patented. The recent decision of the Patent Office to allow the patenting of animals was welcomed by the industry as a logical step.

"It would allow us to put the UConn brand on a new supercow and nobody would be able to rustle it," said Randal Clifton, president and chief executive of University Genetics, a company doing research on genetically altering cattle to produce more milk or leaner beef.

Other questions abound about

the degree of regulation. While some critics say the industry is not adequately regulated, industry officials complain of unreasonable delays in being able to test biologically engineered microbes for agriculture or hormones for livestock.

The commercialization of genetic engineering began in 1976 in South San Francisco when a venture capitalist and university scientist formed Genentech to exploit the recombinant DNA technology.

Genetic Engineering New Hopes and Fears

Last of a series

that had been developed at nearby universities. Recombinant DNA, often called gene-splicing, involves changing the characteristics of plants or animals by implanting in them genes from other organisms, even from other species.

Since then, several billion dollars have been invested in several hundred biotechnology companies. In addition, Mr. Cape, of Cetus, notes, the biotechnology industry rests on a foundation of \$100 billion in federal spending on basic health science research over the last 40 years.

Experts agree that the first big profits of genetic engineering will come from pharmaceuticals. The use of the technology on crops will start in the early 1990s, and the genetic engineering of animals is not expected to become a commercial activity until the mid-1990s.

The drugs produced by genetic engineering are produced naturally

in the body but in quantities too minute to extract for medical use. Using gene-splicing, genes controlling the formation of these substances can be implanted into bacteria or other organisms, allowing those organisms to manufacture large quantities of the substances.

Four genetically engineered pharmaceuticals are already on the market — human insulin, human growth hormone, alpha interferon and a hepatitis-B vaccine. Sales totaled perhaps \$150 million last year, with about \$100 million from Eli Lilly & Co.'s insulin, used to treat diabetics, and \$44 million from Genentech's human growth hormone, which is used to treat dwarfism.

In the next few years several new products are expected to lift sales of genetically engineered drugs above \$1 billion. The first and biggest product was expected to be TPA, designed for treating heart attack victims. But the FDA advisory panel said that while the drug might indeed break up blood clots, more data are needed to prove that it actually helps the heart muscle or prolongs life.

Another major product, which could receive approval by 1989, is interleukin-2. It has shown promise in fighting certain cancers. Cetus, based in Emeryville, California, is expected to be first on the market with that product.

There is also erythropoietin, or EPO, a substance made by the kidneys that helps in producing red blood cells. Amgen, in Thousand Oaks, California, has a lead in EPO and hopes it will be approved in late 1988 or 1989, initially for treating anemia in patients undergoing kidney dialysis.

Drugs that are expected to receive approval in the early 1990s include various colony-stimulating factors for treatment of cancer; a natural natriuretic factor (ANF), a potential treatment for hypertension; an epidermal growth factor for treating burn victims; and superoxide dismutase, which helps prevent damage caused by the resumption of blood flow to an organ after a heart attack, heart surgery or an organ transplant.

Some experts say there may be as few as two dozen substances such as TPA and EPO that can be produced by genetic engineering. They say the ultimate importance of gene-splicing will be not in making specific products but as a tool that will transform the way new drugs are developed.

"Probably the intangible benefits are going to prove much more valuable in the long run," said Viren Mehta, vice president of health care research for Wood McKenzie & Co., a New York investment firm.

As a research tool, for instance, particular receptor sites on cells to which disease-causing agents attach could be cloned in great quantities. That would allow numerous substances to be tested to see if they could block the receptor site. Scientists envision a tailor-made chemical that could block the receptor or perform other functions, a technique known as protein engineering.

Indeed, knowing how to do gene-splicing is not enough for success anymore because the technology is becoming commonplace.

"I think in five years, gene cloning is going to be done in high school laboratories," said Roger H.



Increasing animal efficiency presents great opportunities.

Salquist, president of Calgene, a genetic engineering company in Davis, California.

Brook Byers, a venture capitalist who has helped start many biotech companies, said the ones now being formed are aimed at curing a particular disease, with genetic engineering merely one of the techniques used.

Agricultural genetic engineering is several years behind the pharmaceutical applications, partly because there is less knowledge about plant functioning and it is more difficult to insert genes into plants than into micro-organisms.

The use of genetically engineered crops is expected to begin in the early 1990s. The first are likely to be plants that are resistant to herbicides, which would let herbicides kill weeds and leave the plants unscathed. After that will be insect resistance, followed by plants altered to produce fruits and vegetables and oils for use in food processing and industry.

Applying genetic engineering to animals is proceeding in two phases. The first, nearing commercialization, uses genetic engineering to produce drugs and vaccines for animals. The best-known exam-

ple is the production of bovine growth hormone, which can increase a cow's milk output or produce leaner beef.

The second phase will involve genetically engineering animals themselves. The two largest breeders of broiler chickens, Arbor Acres Farm Inc. and Hubbard Farms, a division of the pharmaceutical giant Merck & Co., are working on developing chickens that grow faster on less feed. The Granada Corp., a Houston cattle breeder, and the University Genetics Co., a small enterprise in Westport, Connecticut, are working toward superior cattle.

Technological problems remain, however, and scientists do not expect animal genetic engineering to become practical for 5 to 10 years. "We are experiencing lots of difficulties, and I don't see that we are close to this at all," said William A. Rishell, director of research for Arbor Acres.

In both plant and animal agriculture, many companies find quicker profits in using other techniques to speed up conventional breeding, such as tissue culture for plants and embryo transfer for livestock.

IN BRIEF

U.S. 1986 Fertility Rate a New Low

WASHINGTON (AP) — The fertility rate of the United States reached a new low last year, with fewer than 65 births recorded per 1,000 women of childbearing age, the Census Bureau reports. The 1986 general fertility rate was 64.9 live births for every 1,000 women age 15 to 44. There were 3,687,000 births, down from 3,750,000 in 1985.

Fertility "seems relatively stable now at a low level. The Baby Boom is over and there is no particular reason to expect, in the near future, a turnup," said Donald E. Stensrud, chief of the bureau's Population Estimates Branch.

The 1986 rate was the lowest in records going back to 1930. Detailed statistics before 1930 were not immediately available, but Mr. Stensrud said, "I can't believe that in the 19th century, and before 1930... it was lower than that." The general fertility rate peaked in 1957 at 122.7 births per 1,000 women in the 15-44 age group, or 4,322,000 babies.

Hints of Gains in Superconductivity

WASHINGTON (WP) — The first hints of superconductivity at room temperature — a goal considered nearly impossible a year ago and a faint hope just a month ago — are emerging from several laboratories around the world. None reports solid evidence of superconductivity that can be reproduced reliably in test after test, but fleeting glimpses of the phenomenon at temperatures ranging between 45 and 79 degrees Fahrenheit (about 7 to 36 Centigrade) suggest that the goal is attainable.

Little is known of the atomic structure of the various materials being tested, but physicists say that as they gain deeper knowledge and can control their manufacturing processes better, room temperature superconductivity should become a reality.

A recent issue of Nature reports from India's National Physical Laboratory in New Delhi that the Josephson effect was detected in a synthetic ceramic material at 79 degrees. The effect, which can only occur with superconducting materials, involves electrons that acquire the ability to "tunnel" through a thin film of insulation. Although this is evidence of superconductivity on at least a microscopic level within the material, tests for a loss of an overall electrical resistance showed no large-scale superconductivity until the material was cooled to 45 degrees below zero.

Seeking Clues to Beached Whales

BOSTON (Reuters) — Why whales beach themselves, with usually fatal results, remains one of the great mysteries of nature. Now, a leading aquarium hopes to find clues to what happens through three baby pilot whales it saved last winter and nursed back to health in captivity.

The whales beached themselves on Cape Cod, Massachusetts, and were close to death when scientists from the New England Aquarium rescued them. Today, they are healthy and playful. Soon, they will be released with tiny radio transmitters in their skin to tell scientists what they are doing. The aquarium says it will be the first time whales have been taken, held in captivity and then returned to the open sea.

Massive beachings were first recorded by Aristotle, who said it was not known why the world's largest mammals ran aground. There are four main theories today: The whales may have been feeding in shallow waters and simply ran aground; they were frightened by strange underwater sounds; they followed an ailing leader to shore, or they were traveling an ancestral migratory route that is now a land bridge.

Diving Record Transferred to Turtle

WASHINGTON (WP) — Marine biologists thought the deepest-diving air-breathing animal was the sperm whale, which has been recorded at 3,740 feet below the ocean's surface. New findings transfer the title to the leatherback sea turtle, recently tracked to at least 3,936 feet, almost three-quarters of a mile under the waves.

Leatherbacks, which can weigh more than 1,300 pounds, are the largest living turtles and the most widely distributed reptile in the world. They ply the coasts on both sides of the Atlantic and the Pacific coast of the Americas. The turtle's diving depth was monitored by Scott Eckert of the University of Georgia with the aid of a pressure-sensitive device fastened to the animal, which Mr. Eckert read each time the turtle surfaced. The device was calibrated only to 3,280 feet (1,000 meters), but on the record dive, the indicator went well off the scale. The true depth was estimated at a minimum of 3,936 feet.

The Fads and Foibles in Food Regulation

By Marian Burros
New York Times Service

WHATEVER happened to cyclamates, the artificial sweeteners people learned to love and then, with talk of cancer, leave? How about apples sprayed with Alar, candy dyed with Red No. 3 food coloring, irradiated foods and sodium nitrite in processed meats? Has the U.S. government decided whether these substances and treatments are hazardous to human health? If they are hazardous, why are they still in use? Periodically, questions about food safety capture public attention, then disappear. But even as the spotlight shifts, these issues are followed by contending interest groups. The resulting regulatory delays have lasted sometimes for decades.

Present and former officials of the Food and Drug Administration, and the Agriculture Department agree on their role in this drama.

"There is no question that the FDA's mission is to protect consumers," said Dr. Donald Kennedy, the agency's commissioner during the Carter administration and now president of Stanford University. But officials differ over the approach. "Whether the right approach is a heavy regulatory one or basically to encourage innovation within the industry," Dr. Kennedy said.

Since the late 1970s, however, both Republican and Democratic administrations have cut back on agency budgets. Couple the shortage of money with the inherent slowness of bureaucracies, and the result is a nether world of unfinished business.

"I can guarantee you that both consumer groups and food companies say they are arguing on behalf of the consumer's health," said Dennis Shelan, director of legislative affairs for the National Food Processors Association. "A

lot of consumer groups start from the position that there should not be any chemicals in food that are potentially harmful. The food industry's position is that you should make a scientific assessment of chemicals that may be present: if there is not a health risk, there should not be a problem."

The current commissioner of the FDA, Dr. Frank E. Young, said there are reasons for the slow pace. "The complexity of the problems, the demands placed on FDA with the vast array of emergencies, conflicting priorities and being sure we have our scientific ducks in a row."

Dr. Jere Goyan, commissioner during the Carter administration, said the agency is "very good on immediate life-threatening matters, such as botulism." The areas in which the agency has trouble "are where there's a sponsor who wants to use a material that others think might be carcinogenic."

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the system on cold instead of hot, worried about," said Vic DePaula, "posal will figure as a major bar-

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LUXEMBOURG IN THE NEWS

A report for international decision-makers

I/87

Luxembourg Strengthens its Role in the World Financial Community

BY ELLEN WALLACE

International financial markets in 1986 were characterized by movement: exchange rates shifted, often dramatically; interest rates fell; new instruments were created to meet demands of borrowers and investors alike, and among bankers, the popularity of older tools of the trade rose and fell. Profit margins were squeezed. Securitization was no longer a trend but a fact of life.

There are profits to be made in such an environment. In Luxembourg, first reports show banks ending the year strongly in the black. Meanwhile, the Government has continued to take measures to reinforce the Grand Duchy's role as an international financial centre. Deregulation theoretically means most markets can do most kinds of business, but in reality, the sharp competition among financial centres has forced them to specialize. Luxembourg has, since the beginning of the 80s, been moving in new directions and last year's results were a tribute to the success of this shift.

The Government of Luxembourg has been faced with the difficult task of balancing its own income needs - financial services are the Duchy's second largest business - with the realization that it must ensure the centre's competitiveness. Easing the tax burden is a stated priority. To that end, several cuts went into effect in January and others will follow.

The banks have been actively building new business. Private banking is of growing importance, especially for those banks which were established as booking offices and were heavily dependent upon Euroloans. For many of them, 1986 was the first year the move into portfolio management began to show substantial

results. The need to increase private banking and fee earning business has led to some interesting developments, one of which is the sudden surge in investment funds. The search for profitable new instruments has also led to the growth in the volume of bonds denominated in Luxembourg francs.

1986: Another good year

No banker minds a good year, but what would appear to be outstanding results last year were especially welcome to Luxembourg bankers. Preliminary reports indicate that profits were up strongly for most banks. Bankers' comments range from "exceptionally good" to "great success."

The good report card follows a period of some uncertainty: high risk loans and the provisions that had to be set aside to cover these were coupled with the sharp drop in traditional Euroloans.

Several factors converged to move the banks beyond this stage. For most banks, the volatility of the foreign exchange markets and healthy growth in major stock markets were important. Investments made two to three years ago by some banks to set up private portfolio management services began to pay off.

Luxembourg's banks have historically fallen into groups divided by nationality; banks from one country came mainly to do the same type of business. That has begun to change, as banks here diversify their activities, but there were common

threads among the reasons cited by banks from the same countries for their successes last year. Scandinavian banks frequently point to private banking, claiming that the tax climate in some countries prompts pensioners to settle abroad and to invest their money elsewhere. As traditional Eurocredits became harder to come by, Scandinavian banks moved in two directions: off-balance sheet business and private banking. Ole Roed, managing director of Bergen Bank International, believes "There is a tier below the very rich people, where there is a growing awareness, more sophistication about investing. So there is a whole new market opening up."

German bankers point to a similar group of their compatriots who have become more attuned to investment possibilities and who find Luxembourg's proximity and banking secrecy appealing.

For these banks, it is not enough to simply set up portfolios and manage them; the move in this direction has provoked a need for more competitive action in fee income areas. One bank points with satisfaction to its forward trading, another says overall off-balance sheet income was up 25%.

"Private banking" - that was the immediate reply by one American banker when asked what he sees as his company's strongest card, and the reason why it did so well in 1986: "It's cheap here, and it's wide open." He and other Americans point out that their customer profile in Luxembourg is distinctly European; in fact, some of these banks pointedly exclude American customers, while other banks do not encourage American accounts. They also agree that in Luxem-

bourg "the servicing side (for capital markets) can be good business. Holding companies here are good vehicles."

French banks showed solid growth across the board, a reflection of their expansion internationally. According to Gerret Schaaphok, director of Banque Indosuez Luxembourg, solid growth in 1986 is partly a result of the long history of French banks in the Grand Duchy. The French were some of the first foreigners to set up in banking in Luxembourg, before the second World War, when they saw their operations as an extension of regional banking policies. The business base broadened during Luxembourg's rapid expansion in the 70s. When French banks were nationalized in 1981, their Luxembourg connections didn't suffer, so says Schaaphok, but the liberalization of recent months is now beginning to pay off.

For the Italian banks, a profitable area was acting as the link between Italian industry and banks who suddenly found Italy interesting but did not have their own contacts. Interbank activities, says one banker, accounted for 50% of his profits last year. The Italian banks have remained, as a whole, more involved in traditional commercial banking than many others in Luxembourg, largely because of foreign exchange controls at home.

The problem is how to maintain the performance record. Bankers voice worries that market conditions may be less propitious in future months, and they are consequently working to ensure they keep their stakes in new areas of business. That concern, plus the need to service such business, has brought a new competitive edge to Luxembourg.

Investment Funds (Amounts in billions of Flux)¹

Year	Mutual funds		SICAV ²		Other investment funds		Total	
	No.	Net assets	No.	Net assets	No.	Net assets	No.	Net assets
1977	27	59.8			55	25.9	82	85.7
1978	28	61.0			43	25.4	71	86.4
1979	32	58.8			42	26.8	74	85.6
1980	34	74.8			42	35.8	76	110.6
1981	40	112.6			41	55.8	81	168.4
1982	45	124.9			42	64.4	87	189.3
1983	52	176.9	2	8.4	45	128.4	99	303.3
1984	67	246.9	20	40.9	45	151.1	132	398.0
1985	84	359.7	41	100.2	52	172.3	177	632.2
1986 ³	101	537.3	110	289.7	50	176.9	261	1,003.9

¹ One Flux = one Luxembourg Franc

One US dollar was worth 41.10 Flux on December 31, 1986

² SICAV: Variable capital investment company

³ Estimation at December 31, 1986

Source: Luxembourg Monetary Institute

Investment Funds Expanding Rapidly

If there is a boom that has touched every banker in Luxembourg, it is in investment funds. The figures are plain: from 1983 to 1986, the number of funds nearly tripled to 261 (December) and funds' assets more than tripled, to Luxembourg Francs 1,003.9 billion.

This sudden increase can be attributed mainly to a change in the law at the end of 1983, but several other factors also play a role. In 1972, the Grand Duchy required registration of fixed capital funds in order to better protect small investors. Supervision otherwise remained flexible. The 1983 law was drawn up in response to the rapid growth of aggressively managed offshore funds during the 70s. "We tried in 1983 to come up with an imaginative solution," says Remy Kremer, director of Banque Générale de Luxembourg and president of the ABBL. "The new law was so much more concrete and clear for foreigners. Before, they had hesitated."

It provided for three kinds of funds: mutual funds, variable capital investment companies, and "other funds." There is no legal definition for the latter. The real impact of the 1983 law is that it permitted the creation of variable capital companies, "SICAVs." A SICAV has more flexibility than traditional mutual funds because its capital is equal to the value of its net assets and no shareholder meeting is necessary to approve changes in the capital.

Of equal interest to foreign funds: the SICAV as well as other investment funds have a legal status, which means they can be quoted on stock exchanges. Banks look ahead to the European Community's goal of abolishing borders for capital by 1992. When that occurs, shares quoted on one stock exchange can also be traded on other EC exchanges.

SICAVs are the fastest growing funds: there were 20 such companies at the end of 1984, the first full year, and 110 by December 1986. Mutual funds grew strongly as well, from 67 to 101 in that same period. According to Frédéric

Wagner, assistant director at Banque Internationale à Luxembourg, the new rules provide banks and investors alike with more options. "From the investor's point of view, there can be a fiscal difference with a SICAV: he is a shareholder and only pays taxes on dividends or earnings... but there are certain cases where mutual funds remain interesting. Also, mutual funds can distribute dividends daily, and thus may be useful for money market operations."

Virtually every foreign bank now has a fund(s) or plans to establish one. Some are managed from Luxembourg, others from London; the choice seems to depend on individual fund goals. The boom has created a healthy new business for the Luxembourg banks.

Bankers expect the number of funds to continue to grow. Last year, the Scandinavians entered the market with four funds; the Germans have been slower, but these banks, too, have plans. Says one German, looking at his blueprints: "Mutual funds were never as big in Germany as in Anglo-Saxon countries. And because of our relatively late start in private banking, we didn't need our own investment funds to service our clients. But the time has now come. We've set up the personnel, the clients are here now, particularly smaller customers. In addition, we're looking at a wider distribution, maybe in Germany. We can't do that right now, but we will be able to with the EC lifting of restrictions."

Saturation is unlikely, since the investor pool is international. The increase in private portfolio management in Luxembourg promises to fuel the expansion of the fund business. Why Luxembourg? According to Wagner of BIL, "There is a legal framework, but one that is more flexible (than elsewhere). It is easy to set up here. There are quality investors, and also, we belong to the EC and we are part of the OECD. This can be important, for example, for registration in Japan."

Flux Bonds Find Favour

A market which moves creates new needs; the growth of bonds denominated in Luxembourg Francs (Flux) has been a popular way of meeting these in recent months. Looking at currencies, the share of the Flux in overall trading volume has increased steadily in the past two years. Figures for Flux bonds show tremendous growth in 1986: turnover was up 78.97%, vs. 12.58% the previous year. This compares with total bond trading in Luxembourg up 10.42% in 1985 and 15.64% in 1986. A particular feature of the market was the early redemption of bonds which saw 84.72% growth.

The increase in trading was not due to traditional Flux borrowers - the Luxembourg public sector - but rather, to foreign companies, international institutions and most spectacularly, Luxembourg-based financial companies that traded heavily as part of their dealing in convertibles and warrants.

One foreign banker explains the market's development this way: "Prime borrowers made bond issues, they've taken up fixed rate loans here. We've participated in such loans and now we're doing private placements to repay them at lower rates. We participated in such trans-

actions because there were interesting borrowers and it's a good market."

Kredietbank S.A. Luxembourggoise's director, Damien Wigny, says "The interesting thing about this market is that it's not dominated by the State. Our Government is not a heavy borrower and in fact, the authorities want to keep the market open to foreigners." The market is small but fast-growing. He cites two main reasons why foreigners like the market: it gives them access to the Franc (the Luxembourg Franc is linked to the Belgian Franc, and although that market is larger, it is almost completely dominated by the Belgian Government, leaving little room for other borrowers); it is open to foreigners for private placements. There is a system of access by "priority" for public issues.

The Luxembourg Franc has become more appealing as limits on its use have gradually been lifted. Private placements in Flux began in 1978-79, when one borrower did not want to wait for his turn in the queue. But limits were quickly established for private placements: they could only be half the amount of public issues, the market was limited at any one time to half of all issues. In 1980-81, other limits were added when the four banks who were active formed a committee and set

up strict rules. But these limits began to fade away in 1984. Since then, says one banker, "it's been an open market." In 1985, there were 53 private placements, in 1986, 74 and in the first 10 weeks of 1987, 21, so the rapid expansion of the market looks likely to continue.

The real limit, bankers suggest, will be placing power. A borrower in Flux pays less than if he were borrowing Belgian francs because the interest rate is lower. Some Belgian and Luxembourg investors are looking for good investment vehicles in their own currency.

Luxembourg Franc Capital Market

(Flux million)	1984		1985		1986	
	Number of issues	Amount	Number of issues	Amount	Number of issues	Amount
Public issues	14	10,000	18	13,100	22	19,100
Private placements	18	4,500	42	11,725	81	24,200
TOTAL		14,700		24,825		43,300

Government Eases Tax Burden

Contrary to a widely held misconception, Luxembourg is not a tax haven.

It is, however, stated Government policy to create conditions allowing the financial centre Luxembourg to compete on equal terms with other important financial centres.

Over the years, this policy has been translated into various measures, benchmarks being:

- in 1978, unilateral relief for foreign withholding tax, supplemented by cancellation of the stamp duty on certificates of deposit and of the withholding tax on interest paid on bonds issued by Luxembourg borrowers, including banks;
- in 1983, fiscal neutralization of translation gains on reinvested equity;
- in 1984, a package comprising widened tax-deductible general loan loss provisions, improved rules for unilateral relief of foreign taxation and reduced solidarity tax.

Moreover:

- Value Added Tax on gold bullion for investment has been waived since 1979. Gold currencies are free of VAT;
- For holding companies set up under the 1929 law, the tax base is net worth (annual subscription tax of 0.2%, not income. No withholding tax applies to dividends distributed by holding companies.
- For investment funds, income is tax exempt but a subscription tax of 0.06% on net assets is levied annually.
- No turnover tax is levied on security transactions, whether via or outside the stock exchange.

Banks are increasingly conscious of their expenses as well as of the major tax issues and Albert Dondelinger, chairman of the executive board of Banque Internationale à Luxembourg (BIL) stated already quite some time ago "The corporate tax in Luxembourg is too high but the centre developed despite an unfavourable general tax situation for companies."

That's why Luxembourg's authorities, determined to see that the financial centre remains competitive, have taken, very recently, a series of measures to ease the tax burden.

Highlights of the new package include:

- a two-step 4% reduction of the corporate income tax rate from 40% in 1986 to 36% in 1988. Corporate income tax is fixed at 38% in 1987. In addition, a temporary surcharge called "solidarity tax" levied as a percentage of income tax has been reduced from 3% to 2%. So, in 1987, corporate income tax plus surcharge amount to 38.76%;

- abolition of the "taxe d'abonnement" (subscription tax) on bond issues (corporations and holding companies);
- abolition of the stamp duty on bills of exchange;
- a further improvement in personal income taxes;
- in March, the Government agreed to some tax relief for specialists to help banks compete against the high salaries offered in other centres.

Many bankers feel that the tax authorities are taking an attitude bankers can work with. "It shows that the Government

is aware of the competitive environment internationally," says Rico Barandun, head of Crédit Suisse.

American bankers, many of whom are now concentrating on private banking, agree that the cuts are "a good step", but point out that Luxembourg will have to keep working to compete tax-wise. German bankers, for their part, say that the rate's importance may be growing for them. The problem of high taxes has tra-

ditionally been offset by generous rules governing provisions.

Paul Schminke, managing director of Landesbank Rheinland-Pfalz International, notes that the abolition of certain taxes is already pulling some business back to Luxembourg; he cites the case of his own bank making an Australian dollar issue in January in Luxembourg rather than in an offshore centre because the "taxe d'abonnement" had been dropped.

Mr. Jacques Grosjean, Press Secretary, ABBL, Luxembourg Bankers' Association, B.P.15, L-2010 Luxembourg, Tel. (352) 29501, Telex 1701.

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THURSDAY, JUNE 11, 1987

INTERNATIONAL MANAGER

By SHERRY BUCHANAN

Techniques include relaxing your muscles and focusing on one person for the duration of an idea.

A corporate speaker who suffers from stage fright darts his or her eyes around the room, feels a rush of adrenaline, and gets clammy hands, a knot in the throat and a blank in the brain. In extreme cases, the speaker freezes up.

"The importance of the pause is something you read about and know about," said Roger Young, senior vice president of Bank

See MANAGER, Page 17

By Ferdinand Protzman
International Herald Tribune

Volkswagen officials said the plant was indeed operating below capacity, but they would not comment on the level.

exports of 344,246 Japanese cars and commercial vehicles to EC nations in the five years ended in 1997.

By John F. Burns
New York Times Service

the company's 25th-floor executive suite overlooking Vancouver harbor.

Mr. Sigler, 39, and Rhys Egan, 51, are both former of Cyp-
rian Airways. They were in charge of the airline's operations in Canada. This would be a significant change. When they were in charge of the airline's operations in Canada, they celebrated its 50th anniversary. Air Canada could

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By Warren Getler agement upsets and by declining On the strength of the

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the company's financial advisers to develop a plan for selling off the company's Hertz rental car operation and its Wesun and Hilton In-

That move and the dismissal of Joseph W. O'Donnell, the Thompson-

Interest rate	7%	7%
Call money	17 1/2	17 1/2
1-month interest	8%	8%
3-month interest	8 5/8	8%
6-month interest	8 7/8	8%

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Luxembourg, Paris and London official bid-askings: Hong Kong and Zurich opening and closing prices: New York spot market close. All prices in U.S. \$ per ounce.

Reuters economy in the second half of

Interest rate	7%	7%
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London 494.00 494.00
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Luxembourg, Paris and London official bid-askings: Hong Kong and Zurich opening and closing prices: New York spot market close. All prices in U.S. \$ per ounce.

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Fermenta Authorized to Sue Sayed

By Jucis Kaza
International Herald Tribune

STOCKHOLM — Shareholders of Fermenta AB authorized its board and management Wednesday to sue Refaat el-Sayed, the founder and former majority owner, and nine other past directors for damage done to the company.

Mr. Sayed asserted later in an interview that allegations against him were aimed at sabotaging an impending bid for Fermenta by the diversified British company Lomho PLC. There was no immediate confirmation from Lomho that it was planning a bid.

The resolution approved by shareholders authorizes, but does not require, a suit to be filed after Fermenta consults legal advisers and determines the extent of its claims against its former president and directors.

Company officials said that Fermenta would reach a decision on legal action by the fall.

Fermenta, which at one point was forecasting 1986 earnings of 700 million kronor (\$111.4 million), reported a pretax loss of 612.8 million kronor last year after irregularities were found in the company's accounts.

Fermenta reported Wednesday a

pretax loss of 70 million kronor for the first four months of 1987. It said that sales were 1.09 billion kronor, down 12 percent from the year earlier period.

In a move with few precedents in Swedish corporate history, shareholders voted at their annual meeting not to absolve Mr. Sayed and nine other directors of their fiduciary liability for 1986. Such action must be taken before a company can sue directors under Swedish law.

Shareholders agreed with the conclusion of the company's auditors and an independent auditor that Mr. Sayed and other directors were guilty of gross dereliction of responsibility.

Mr. Sayed resigned as head of Fermenta in December after admitting he had used cash from personal loans and transactions to boost the revenue and profit margins of the company.

The entire board then resigned en masse as details emerged about the extent of financial manipulation and mismanagement of the company, and Fermenta was delisted from the Stockholm stock exchange in January.

In an impassioned speech before the shareholders Wednesday, Mr. Sayed said his actions were taken in

the best interests of the company. He said that he alone should be held responsible for Fermenta's troubles.

Kjell Brandstrom, managing director of Industriavärd AB, the single largest shareholder in Fermenta, told shareholders that "all attempts by Refaat to describe Fermenta" in 1986 "as anything but a house of cards must be rejected."

Mr. Sayed, driving later Wednesday through downtown Stockholm, waved letters and telegrams that he said concerned a proposed acquisition of Fermenta by Lomho. He said that the purchase would have resulted in his reappointment as chief executive.

The transaction was blocked, he said, after Fermenta's auditors asserted in late May that \$44 million of a \$94 million payment made by Fermenta during its 1985 acquisition of SDS Biotech of the United States had actually been used to buy back an option on Fermenta shares. The option was issued by a private company owned by Mr. Sayed, a naturalized Swede who was born in Egypt.

Police prosecutors, the stock exchange and the bank inspection board have carried out separate inquiries on Fermenta following disclosures last year by auditors.

Pilkington Bros. Posts Doubling Of Pretax Profit

Reuters

LONDON — Pilkington Bros. PLC, the British glass-maker, reported Wednesday that it had more than doubled pretax profits last year.

Pilkington reported profits of £256 million (\$425 million) in the year ending March 31, compared with £123.5 million a year earlier.

Turnover was £2.10 billion, up 59 percent from £1.32 billion. Pilkington also reported revenue from licensing and technical fees of £32.1 million, up from £26.2 million, and from investment of £22.3 million, up from £18 million.

The company, which earlier this year fought off a hostile takeover from the industrial conglomerate BTR PLC, said it expected profits to continue to improve. It said the costs of defending against the takeover had contributed to a £31.8 million extraordinary loss.

SAS Predicts Rise in Traffic

Reuters

NEW YORK — SAS Group expects an increase in passenger traffic on its airline, Scandinavian Airlines System, which will contribute to higher profit in the second half of the year, its president and chief executive said Wednesday.

Jan Carlzon, in an interview, also said that merger talks between SAS and Sabena, Belgium's national airline, were proceeding but that no agreement had been reached.

"We plan to make a proposal in the near future," he said but declined to be more specific.

SAS Group reported earlier that first-half profit before allocation and taxes rose 200 percent, to \$89.5 million, from \$29.2 million a year earlier. Profit for the 1986 fiscal year, ended Sept. 30, was about \$219 million on revenue of \$3.12 billion.

Mr. Carlzon said second-half earnings would be higher than in the first half, but the rate of increase in the second half would not be as large.

"It seems like it's going to be a good traffic summer from a tourist

point of view," he said. "Despite more competition on North Atlantic routes, traffic should increase there also."

Mr. Carlzon said business traffic should be stable in the second half. Better yields — or revenue per passenger per mile — and a bigger market share of business travel contributed to the strong first-half results.

Regarding the Sabena merger, he said the thinking at the two companies was "quite parallel."

SAS Group also includes hotel, travel and information subsidiaries. SAS is owned by the national airlines of Sweden, Norway and Denmark. The three national airlines are, in turn, 50 percent owned by their governments and 50 percent by private interests.

SAS is seeking to merge its airline because of changes expected from deregulation, or liberalization, of European airline markets.

"If we don't do anything, we will end up as a feeder carrier to one of the big countries and their airline system," Mr. Carlzon said.

ALLEGIS: Chairman Ousted, Sale of Units Planned

(Continued from first finance page)

Marchesano said. The pilots also have accused the company of going too far afield from its core business.

On Tuesday, the pilots' union had asked a federal court in Chicago to force a shareholder vote on their restructuring proposal, under which the company's hotels and auto-rental business would be sold while shareholders and employees took ownership of the airline.

The suit said Allegis's "integrated travel services" strategy "has been a failure and has been injurious both to Allegis' airline employees and to its stockholders."

The strategy has "drained capital from the airline and has been a drag on the price of Allegis stock," the pilots said.

The U.S. District Court suit also asked the court to order Allegis to supply the pilots' financial advisers with any data it gave others while developing anti-takeover strate-

gies, a union spokesman, Jim Waters, said.

The company had its own plan to ask shareholders to approve a one-time \$3 billion payout of \$60 a share, a move widely regarded as an attempt to block any takeover. On Tuesday, Allegis said it was abandoning that plan.

In taking the actions, Allegis' board was yielding to several months of pressure from takeover attempts and from large stockholders, some of whom opposed Ferris' strategy.

The board also said that, under the plan it now favors, after Hertz and the hotel chains are sold, the remaining Allegis unit, United Airlines, would have a new ownership and a revamped financial structure.

The board said such a plan would potentially involve "the active participation of all employee groups in a broad-based" employee stock ownership plan.

Under a "golden parachute"

contract adopted by Allegis on April 27 of this year, Mr. Ferris is entitled to full compensation until April 30, 1992. He received total compensation of \$578,981 in 1986.

The "golden parachute" for Mr. Ferris and seven other top officers were part of the strategy Allegis has been using to fight takeover attempts since the pilots' bid in April.

A senior director of Allegis, Charles F. Luce, said the board had asked its financial advisers to reconsider all existing restructuring proposals and to make recommendations within two to three weeks.

The board presumes that such recommendations, Mr. Luce said, would include the sale of Hertz, Westin and Hilton and a recapitalization of United Airlines. In the case of such moves, Mr. Olson then would recommend that Allegis take the name United Airlines Inc.

(AP, NYT, Reuters)

Labor Strife, Takeover Talk Ended Ferris's Travel Dream

The Associated Press

CHICAGO — Richard J. Ferris worked his way up through the hotel industry to head one of the largest U.S. airline companies and dreamed of making it a travel conglomerate that included hotels and rental-car operations.

That dream, criticized inside and outside the company, buckled under the reality of labor disputes and takeover rumors. Mr. Ferris, 50, was ousted Tuesday as chairman and president of Allegis Corp., with the future of the company clouded.

In a brief statement announcing the ouster, the company said it was considering selling its Hertz rental car and its Westin and Hilton hotels divisions and returning the name United Airlines Inc.

The statement did not say why Mr. Ferris had left. He was replaced by Frank A. Olson, who was elected chairman and chief executive officer. Mr. Ferris could not be reached for comment.

Mr. Ferris, a native of Sacramento, California, went to United Airlines after nearly a decade in the hotel business. He was president of Western International's Seattle headquarters when UAL, United's parent company, acquired the hotel chain in 1970.

He became president of United in 1975 and four years later took over as chief executive officer of UAL Inc. He impressed pilots by learning to fly.

In February, UAL Inc. changed its name to Allegis Corp., hoping that the change would make the public think of it as a full-service travel company.

The seeds of Mr. Ferris' fall were sown during a 29-day strike by 5,000 United pilots in 1985, said Louis Marchesano, an airline analyst with Janney Montgomery Scott Inc. in Philadelphia.

Mr. Ferris won a short-term vic-



Richard J. Ferris

new pilots would be paid less than experienced ones. But the long-term effects were more serious.

"It wasn't so much what the company lost, but the amount it didn't make while other companies did," Mr. Marchesano said.

In 1986, United Airlines reported an \$80 million loss, limiting its earnings to \$11.6 million. And in February announced layoffs of more than 1,000 workers in an attempt to trim \$100 million from its 1987 budget.

The real estate developer Donald Trump, who owns a small amount of Allegis stock, and Coniston Partners, a New York investment firm, were reported to be interested in Allegis' hotels. Coniston, which in April revealed that it held 13 percent of Allegis, proposed to sell the corporation or break it up.

Citing apparent takeover threats, directors granted "golden-parachute" contracts to Mr. Ferris and seven other top officials, giving them the right to receive their salaries until at least April 1992 if they did not retire earlier. Mr. Ferris' compensation was reported at

LOUIS VUITTON - MOËT-HENNESSY

The Boards of Directors of the Moët-Hennessy and Louis Vuitton groups, two of the world's leading prestige consumer products companies, announced a mutual agreement to merge the two groups within a single entity. The combination is subject to approval by the shareholders of both groups.

The combined entity would hold between 90% and 100% of the shares of each of the constituent groups. The shareholders of the combined entity would consist of the shareholders of the two constituent groups, in proportion to the value of their present holdings. Pending further review by statutory auditors and authorities supervising the proposed merger, the proposed exchange ratio would be 2.4 Louis Vuitton shares for each Moët-Hennessy share.

The merged company will be named:

LV MH MOËT-HENNESSY LOUIS VUITTON

The intent of both parties is to maintain the identity, autonomy, structures and activities of the two constituent groups and the companies they comprise, within the context of a general strategic coordination.

The combined group would have estimated 1987 sales of FF 13 billion (over \$2 billion) and net income of more than FF 1.3 billion (over \$200 million).

Major brands of the new entity will include Dom Perignon, Moët & Chandon, and Veuve Clicquot champagnes; Louis Vuitton luggage and leather goods; Hennessy cognac; and Christian Dior and Givenchy perfumes and beauty products.

In line with the activities of both the Moët-Hennessy and Louis Vuitton groups, the combined entity would focus on high quality and prestige products, and have strong export market positions.

In a joint statement, the management of the two groups emphasized that the combination of the two groups will constitute an entity of worldwide stature, with a wealth of experience, synergies, exceptional growth potential and first rate human, production, marketing and financial resources.

The development of each group's products and brands would remain separate.

The shareholders and directors of each group will be asked to approve the creation of a joint Board of Directors, presided by Mr. Alain CHEVALIER, the present Chairman of the Board and CEO of Moët-Hennessy, and of a joint Strategic Committee, presided by Mr. Henry RACAMIER, the present President and CEO of Louis Vuitton.

The Boards and Executive Committees of each constituent group would remain unchanged.

Paribas and Lazard Frères & Cie are serving as advisors in this transaction.

Louis Vuitton added, that in the event that the merger takes place, its proposed one-for-eight free share distribution would be cancelled.

Moët-Hennessy

LOUIS VUITTON

Marks & Spencer

SHARING IN SUCCESS

1986-87 a year of continuing growth and achievement.

Last year Marks & Spencer group sales increased by 13.0% to £4,220.8 million and group profits went up by 18.1%. Overall group profitability on sales increased from 9.8% to 10.2%. Dividends per share increased from 3.9p to 4.5p.

In the UK, market share of national clothing sales now stands at 16%, whilst homeware, footwear and foods all continued their progress and gained market share.

During the year £223 million was invested in the UK and 94 stores, representing over half the UK footage, have now been extended or modernised.

Selling space increased by 450,000 sq. ft. to a total of 7.9 million sq. ft. We intend to continue our expansion by opening around 500,000 sq. ft. per year for the next 3 years. Our premier store at Marble Arch is currently being modernised and extended and will open later in the year on four floors.

Early in 1988 our second edge-of-town store will open in Cheshunt.

There are now more than 1.5 million Chargecard holders. Sales on the Chargecard increased by 54% to 11% of the UK turnover.

Group Turnover (excluding sales taxes) £m	
1987	4,220.8
1986	3,734.8
1985	3,208.1
1984	2,862.3
1983	2,509.9

Group Profit (before taxation) £m	
1987	432.1
1986	365.8
1985	304.1
1984	279.3
1983	239.3

Our European division has traded profitably, helped by the new French store at Velizy 2 which has made a most encouraging start.

In Canada, following the move to full ownership, sales and profits have progressed satisfactorily. A team of senior people is currently investigating future development opportunities in the USA and our first store in Hong Kong will open later this year.

We are confident that our current expansion programme will ensure that our shareholders, our staff and our suppliers will continue to share in our success.

Marks & Spencer has an AAA rating for long-term debt from Moody's and Standard & Poor's.

If you would like to receive a copy of the Marks & Spencer Annual Report please complete and send the coupon.

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Moët-Hennessy

MOËT-HENNESSY AND GUINNESS ANNOUNCE JOINT VENTURE

New distribution agreement to expand world sales.

Moët-Hennessy and Guinness announced today that they have agreed to develop a series of joint venture distribution companies in the U.S.A., Japan and the Far East.

Under the arrangements, a number of premium brands from United Distillers - Guinness' spirits operations - will be marketed and sold alongside the premium brands of Moët-Hennessy through distribution companies in which both principals become equal partners. All profits from brand sales will return to the same brand owning companies. The arrangement will bring together Johnnie Walker, the world's best selling Scotch whisky, with Moët & Chandon and Hennessy, the world's leading brands of Champagne and Cognac.

In the U.S.A. a joint venture will be formed to handle Johnnie Walker and Tannqueray Gin, two key brands of Somerset Group, Inc. - Guinness' wholly owned subsidiary - and Hennessy and Moët & Chandon, two key brands of Schieffelin, Moët-Hennessy's subsidiary. The new business will be named Schieffelin and Somerset and will also handle other premium brands.

Similar organisations will be established in the Far East. Arrangements in Japan and North East Asia will involve a new partnership with Jardine Matheson, who already acts as agents for both companies' brands. Those in other parts of the Far East will be based on existing and long-standing associate distribution companies.

Mr. Alain Chevalier, Chairman of Moët-Hennessy said:

"By bringing together these leading brands, we make our distribution companies among the strongest in each market where we work together. At the same time Moët-Hennessy and Guinness significantly increase profitability by sharing distribution costs."

Mr. Anthony Tennant, Group Chief Executive of Guinness PLC said: "This arrangement brings together two major European companies with a common objective, to optimise the potential of premium brands on an international scale. I have every confidence that this alliance will provide many new opportunities and considerable benefits to both partners. As far as United Distillers is concerned, the arrangement will re-inforce our existing worldwide distribution network and enable us to apply our resources even more effectively in key overseas markets (for example, Schieffelin and Somerset will have a turnover of well over half a billion dollars and our Far Eastern business will be significantly larger than that of any competitor)."

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Commodities

June 10

Commodity	Today	Prev.
Aluminum, lb	72.25	72.00
Copper, lb	1.32	1.31
Copper electrolytic, lb	75.24	0.75-74
Iron FOB, ton	20.00	21.00
Lead, lb	0.98	0.95-97
Princeton, vd	1.27	1.27
Silver, Troy oz	47.00	47.00
Steel (hot-rolled), ton	47.00	47.00
Steel (sheet), ton	47.00	47.00
Steel (strip), ton	47.00	47.00
Zinc, lb	1.17	1.17

Source: AP.

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Stock Div. Yld. P/E S&P 100s High Low Chg.

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